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Ons kenmerk
2025-0000497873

Uw brief (kenmerk)

Date 15 December 2025
Subject Follow-up research trailing tax

Dear chair,

In the letter of 4 December 2024 on the follow-up from the thirty-member debate on an additional tax for the extremely wealthy, my predecessor addressed the possibility of an extended income tax liability after emigration (a so-called 'trailing tax'). This letter followed up on the motions of members Dijk and Maatoug,¹ Idsinga and Van Eijk,² and Dassen and Grinwis,³ in which the cabinet was requested to further elaborate on such a measure.

In that parliamentary letter it was concluded that the Netherlands already has various exit levies in place for different taxes and that a trailing tax in the personal income tax would primarily function in addition to or on the basis of international agreements. The effect of a trailing tax would be limited in the coming years because the Netherlands has an extensive network of treaties and, generally speaking, trailing taxes cannot be effectuated if a treaty for the avoidance of double taxation applies. Amendment of a tax treaty is — especially if the desire to amend it exists only with one of the two countries — often a difficult and a lengthy process. It was further emphasized that when considering whether the introduction of a trailing tax is appropriate, it must be determined whether the objective of the measure is proportionate to the burdens for the Tax Administration and taxpayers.

My predecessor therefore promised to research to what extent reliable figures can be given on how many people and with which income emigrate to a country with no or low taxation with which the Netherlands has not concluded a tax treaty, and to explore more precisely the implementation consequences of a trailing tax. With this letter I inform your House about the results of that research.

The research shows that the expected tax revenues of a trailing tax are limited. The potential annual tax revenue amounts to approximately €16 to €38 million, depending on the chosen variant and duration of the measure. In practice the estimated tax revenue will, partly due to behavioral effects, be lower.

¹ Kamerstukken II 2023-24, 25087, nr. 331.

² Kamerstukken II 2023-24, 25087, nr. 333.

³ Kamerstukken II 2023-24, 36 600 IX, nr. 23.

Furthermore, the measure would bring significant administration burdens for the Tax Administration and taxpayers, as well as considerable complexity and increased supervision. The application of a trailing tax is time-intensive, privacy-sensitive and requires access to reliable information, which especially in the case of non-treaty countries poses a great challenge. In addition, monitoring of files over a longer period will be necessary, and in some cases a valuation of assets located abroad will be required. Finally, in non-treaty countries enforcement will be very difficult and costly due to a lack of assistance in collection of taxes and complex foreign enforcement rules and limitations.

For those reasons it is questionable whether a trailing tax in the current context would make a balanced and effective contribution to the intended objective.

In this letter I will first discuss the international context regarding the taxation of very wealthy individuals (paragraph 1). I will then further discuss the possible choices and objectives of trailing taxes, and on that basis set out three variants (paragraph 2). Subsequently I will address the results of the research into the estimated tax revenues of a trailing tax (paragraph 3). In paragraph 4 I will describe the implementation aspects that play a role here. In paragraph 5 I will summarise the foregoing and consider possible alternatives to a trailing tax.

1. International context taxation of very wealthy individuals

The Netherlands has in recent years focused on counteracting the possibilities for multinational enterprises to reduce their effective tax burden. Very wealthy persons also have such possibilities. This is partly due to the mobility of capital and differences between national tax systems in the area of income taxes, wealth taxes and gift and inheritance taxes. This effect is reinforced by the introduction of fiscally advantageous regimes to attract very wealthy persons by various countries. This can lead to erosion of the tax base and a decrease in the societal support for taxes. Following the taxation of multinational enterprises, worldwide societal and political attention for the taxation of very wealthy persons has therefore increased. International and European cooperation aimed at a level playing field in the area of taxation of very wealthy persons can counteract base erosion.

Both the Rutte IV cabinet and the current demissionary cabinet have indicated that they wish to explore whether international agreements can be made on the taxation of very wealthy persons. The Netherlands positions itself here actively and works together with like-minded countries. It has consistently been emphasized that it is important to investigate the problem step by step and on the basis of facts, in order to maintain and broaden the support for possible solutions.

Within the Inclusive Framework (IF) of the OECD, it is currently being explored how this subject can be taken up in a phased and evidence based manner. In addition, the Netherlands has recently — together with several other EU member states — taken the initiative to place fiscally advantageous regimes for very wealthy persons on the agenda of the EU.

Because this issue, like the taxation of multinationals, also has a significant international component, realizing international agreements is preferred because these would be most effective. In the letter of 4 December 2024 it was therefore

explained that a trailing tax should primarily be seen as a measure that could be taken in addition to international agreements, or as an interim measure until such agreements are in place.

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2. Variations of trailing taxes

2.1 Background and objectives trailing tax

A trailing tax is an extended tax liability in the personal income tax, whereby the Netherlands would continue to levy income tax for a number of years on the income that is received after emigration. A trailing tax aims to prevent very wealthy persons from being able to substantially reduce their worldwide tax rate through emigration. A trailing tax could, for example, be designed as a residence fiction after emigration. In the letter of 4 December 2024 it was explained that, in principle, a trailing tax can only be effected towards countries with which no tax treaty has been concluded.

A trailing tax must be distinguished from an exit levy. With an exit levy, tax is imposed at the time of emigration on the capital gains or income accumulated in the period prior to emigration in the country from which the person emigrates. For most income elements the Netherlands already applies exit levies.

Variations of trailing taxes are applied in Germany, Finland, Spain, Portugal and France. For a more extensive description of these trailing taxes, I refer to the letter of 4 December 2024.

Country of immigration

Typically, existing trailing taxes are applied with respect to countries with a more favourable tax system, but how those countries are determined differs per measure. The Spanish trailing tax, for example, applies only to identified non-cooperative jurisdictions. The German trailing tax, on the other hand, looks at the actual tax rate in the destination country and applies if the tax to be paid is more than one third lower than would have been the case in Germany for a single person with an annual income of €77,000. The French trailing tax applies only to Monaco. When deciding on the countries to which the measure would apply, one of the factors to consider is whether the trailing tax is intended to target specific jurisdictions or whether it is intended to address all cases where a low tax rate occurs.

Rebuttal

Within trailing taxes, a distinction can be made between measures that are only applicable if the emigrant retains certain ties with the country of emigration, and measures for which such ties not required (pure trailing taxes). The regimes in Finland and Germany fall into the first category, and the trailing taxes of Spain, Portugal and France fall into the second category.

If the emigrant retains certain ties with the former country of residence, even if he is no longer resident there, this can be seen a greater justification to continue to treat the individual as a resident taxpayer after emigration. Such a measure should also counteract sham emigrations. The justification for a trailing tax that does not require such ties lies in the assumption that the earnings of the

emigrant are (in part) due to the public services which he was able to make use of in his former country of residence. The former country of residence should then have the right to tax those earnings when they are taxed nowhere else, or at a much lower rate. A trailing tax can thus function as a "minimum tax" for former residents. An additional justification can lie in the prevention of tax-motivated emigrations.

One option would be to include a rebuttal possibility for cases in which a person moves for legitimate reasons. The existing trailing taxes do not have such a rebuttal possibility.

Target group

Finally, the previously mentioned existing trailing taxes are in principle applied to all emigrants. If the objective of this tax is to target only very wealthy emigrants, then the measure must be applied only to that target group. The measure could also be applied to emigrants with a high income. Such limitation of a trailing tax to persons above a certain wealth or income level does not yet occur internationally and would therefore be new. Given the course of the societal and political discussion in the Netherlands and the wording of the motions, this is the variant that has been worked out previously and for which the potential tax revenues has now been researched.

2.2 Possible variations trailing tax

The letter of 4 December 2024 describes per element the choices that can be made in the design of a trailing tax. Because of the different combinations, a large number of variants is conceivable. These also depend on the objective of the measure, as described above.

As I promised in the two-minute debate on International Tax of 11 September 2025, I will elaborate on three possible variants below. In all three variants the measure is not applied in case of conflict with a relevant tax treaty and any tax paid abroad is credited against the Dutch tax liability. The choice for variants A and B is driven by the intent of the motions that relate to the target group of very wealthy persons. Variant C is designed more broadly because a trailing tax for only very wealthy individuals does not exist yet internationally. This section does not yet discuss the implementation consequences of the different variants. These are described in paragraph 4.

Variant A – Measure targeted at persons with a high income and/or wealth and a low effective tax rate

- Target group: emigrants with an income above the remuneration ceiling of the Standards for Remuneration Act (*Wet normering topinkomens*, WNT) or with wealth above a wealth threshold based on the top 1% wealthiest individuals in the Netherlands. The measure is applied only if the emigrant has the Dutch nationality and in the ten calendar years prior to emigration lived in the Netherlands for at least five years.
- Country of immigration: the measure is applied if the nominal income tax rate in the country of immigration is 10 % or less or if a fiscally advantageous regime applies.

- Ties: no continuing ties to the Netherlands are required.

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This option targets Dutch persons with high income or wealth who emigrate to countries where their income is taxed at a rate of at most 10%. This variant most closely aligns with the intent of the motions.⁴ The trailing tax that was investigated for its potential tax revenues in paragraph 3 is based on this variant.

Variant B – Measure targeted at Dutch persons with high wealth and a low tax burden who still retain substantial ties with the Netherlands

- Target group: emigrants with wealth above a wealth threshold based on the top 1% wealthiest individuals in the Netherlands. The measure is applied only if the emigrant has the Dutch nationality and in the ten calendar years prior to emigration lived in the Netherlands for at least five years.
- Country of immigration: the measure is applied if the income tax payable in the country of destination is more than one third lower than would have been the case in the Netherlands.
- Ties: no application if the emigrant can demonstrate that no essential ties with the Netherlands remain. Criteria to determine when such ties are deemed present will need to be established.

This variant has a narrower target group than variant A because only the size of the emigrant's wealth is considered. In addition, emigrations in which the individual sustainably removes themselves from the Netherlands are, in principle, outside the scope in this variant. This element is comparable to the German and Finnish trailing taxes. The country scope in this variant is broader than in variant A, because a comparison of the actual tax burden is made in each case. The comparison with the Dutch tax rate could potentially make use of a certain standard situation with, for instance, a presumed standard income. This is comparable to the German measure.

Variant C – Broad target group with fixed country list

- Target group: all emigrants. The measure is applied only if the emigrant has the Dutch nationality and in the 25 calendar years prior to emigration lived in the Netherlands for at least 10 years.
- Country of immigration: the measure applies only to a list of countries with no or very low taxation established by ministerial regulation.
- Ties: no continuing ties to the Netherlands are required.

This option has a much broader target group than variants A and B, but a limited country scope. The measure would be applied to all Dutch emigrants, regardless of their wealth or income, if they have lived in the Netherlands long enough. This variant does not require an effective tax-burden comparison per individual case; rather, it is based on an annually established list of low-tax countries. Such a list can have diplomatically sensitive consequences, especially if it is not based on an existing EU or OECD list. The current EU list of low-tax states and non-cooperative jurisdictions is, however, less suitable in this context because it is primarily established with a view to corporate (profit) taxation and not personal

⁴ Kamerstukken II 2023-24, 25087, nr. 331. Kamerstukken II 2023-24, 25087, nr. 333. Kamerstukken II 2023-24, 36 600 IX, nr. 23.

income taxation. As a result, certain countries with tax regimes for very wealthy individuals are not included on this list.

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2.3 Alternative: new exit levy in respect of low-tax countries

A possible alternative to a trailing tax could be to discourage emigration to a low-tax countries through a form of exit levy. Such a levy would take effect at the moment before emigration and can — depending on the design — in principle be compatible with tax treaties. This could make such an exit levy possibly more effective than a trailing tax. On most income elements, the Netherlands already applies exit levies. In theory, for a new exit levy consideration could be given, for example, to legislation according to which very wealthy persons who emigrate to a low-tax country are subject to an exit levy calculated on their net wealth at the moment of departure. This would, in a certain sense, align with an underlying rationale of a trailing tax, namely that income enjoyed after emigration may have a connection with wealth or activities originating in the Netherlands, and can therefore be included in Dutch taxation when that income would otherwise not be taxed or at a much lower rate. These and other aspects, however, require further exploration and assessment.

3. Potential tax revenues trailing tax

Following the commitment of State Secretary of that time, the Tax Administration has conducted internal research into the question of how many people emigrate, and with how much income, to a country with no or low taxation with which the Netherlands has not concluded a tax treaty. For the calculation of the potential tax revenues, the five most recent tax returns prior to the year of emigration in 2022 and 2023 were used. These are the most recent tax years for which the tax returns are complete.

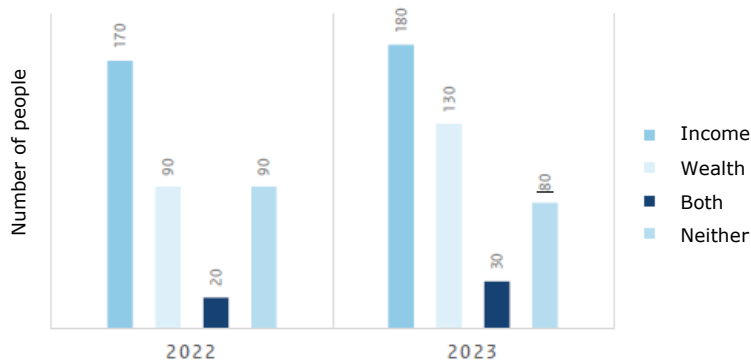
In this research, a number of technical assumptions had to be made in order to gain insight into the number of emigrants and the possible tax revenues. Variant A in paragraph 2.2 was taken as a starting point. This starting point, however, concerns only one possible form of a trailing tax, and other choices are also possible.

The research focuses on individuals who, in the ten calendar years prior to emigration, lived in the Netherlands for at least five years. Additionally, they needed to have an average income (in the last three years) exceeding the remuneration ceiling of the Standards for Remuneration Act (*Wet normering topinkomens*, WNT) or an average wealth exceeding the wealth threshold of the top 1% wealthiest individuals in the Netherlands. In the case of a fiscal partnership, this amount was divided by two to arrive at an individual value.

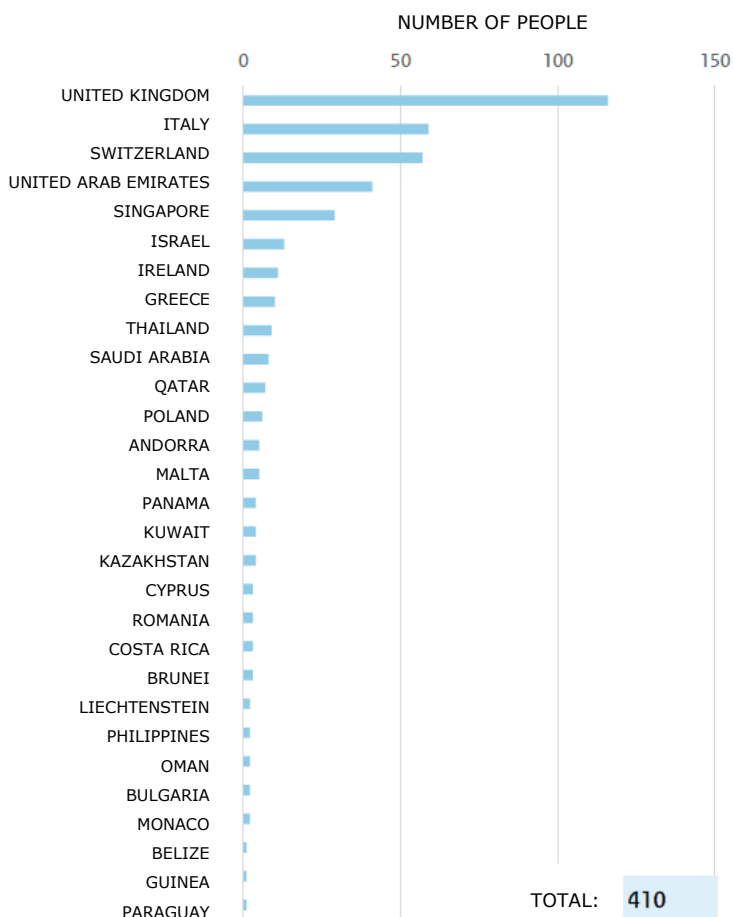
The following countries were qualified as (potentially) low-tax countries for this study: countries with (i) no personal income tax at all, (ii) a personal income tax with a top rate of 10% or less, and (iii) those employing fiscally favourable regimes to attract high-net-worth individuals (including territorial tax systems). Favourable tax regimes targeting specific types of employees (comparable to the Dutch expatriate scheme) were not included in the study, as these generally pertain to a different target group. For the calculation of the tax revenues, it was taken into account that taxpayers may credit any tax liability in the foreign country against their Dutch tax obligation.

The study shows that in 2022, 370 individuals (250 households), and in 2023, 410 individuals (300 households) belonging to the target group emigrated to a (potentially) low-tax country. This includes both treaty countries and non-treaty countries. Roughly 40% of this group in 2023 belonged to the top 1% wealthiest Dutch citizens. The remaining 60% were included in the target group based on their high income or the income/wealth of their partner.

SELECTION ON THE BASIS OF INCOME OR WEALTH THRESHOLD



Of the emigrants in this target group, almost 70% moved to a country with a favourable tax regime. Most emigrants relocated to the United Kingdom, Italy, Switzerland, the United Arab Emirates (UAE) and Singapore.

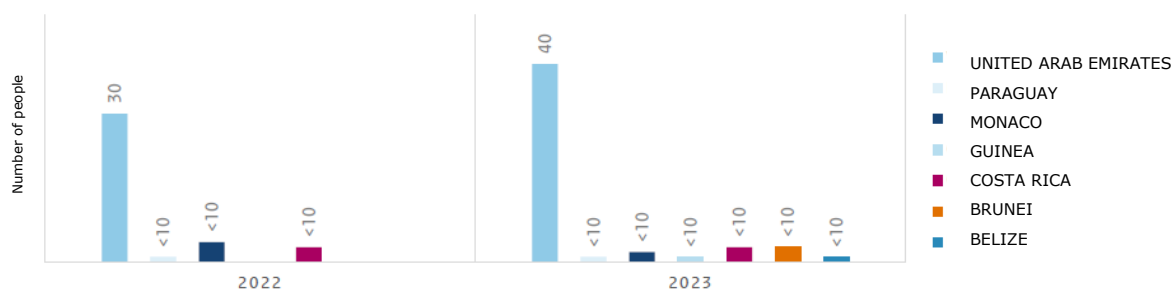


2023

Of the 370 emigrants in 2022, 40 individuals moved to a low-tax country with which the Netherlands does not have a tax treaty that would prevent the application of a trailing tax. For 2023, this concerns 50 out of a total of 410 emigrants. This means that in almost 90% of cases, the trailing tax would be in conflict with a relevant treaty. These 40 (in 2022) and 50 (in 2023) emigrants collectively held assets amounting to €135 million and €98 million, respectively, in the year of emigration (combining box 1, 2, and 3 assets). The part of the target group that emigrated to treaty countries in 2022 and 2023 had, in total, assets of €1.2 billion and €1.3 billion, respectively, in their year of emigration. The assets of individuals who would be affected by a trailing tax therefore represent 7 to 11% of the total assets of the target group.

The country to which most emigrants move and where a trailing tax could potentially be enforced is the UAE (30 emigrants in 2022 and 40 emigrants in 2023). While a tax treaty has been concluded with the UAE, it generally does not provide treaty benefits for Dutch nationals who have emigrated to the UAE. This is due to a special residency provision in the treaty, which states that individuals are only considered residents of the UAE if they are nationals of that country. Accordingly, for the purposes of this letter, the UAE will for simplicity be classified as a non-treaty country. In both 2022 and 2023, there were 10 emigrants within the target group who moved to another low-tax country without a treaty.

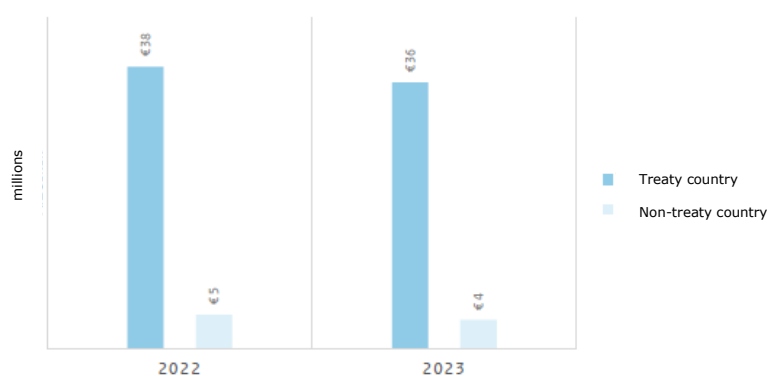
SPREAD NON-TREATY COUNTRIES



The potential tax revenue of the trailing tax was calculated on the basis of the average income tax and national insurance contributions owed by the emigrant over the five tax years preceding emigration.

Taking tax treaties into account, the trailing tax would lead to a tax revenue of €5 million per year in respect of the emigrants from 2022, and €4 million per year for those from 2023. This means that, depending on the duration of the measure (5 or 10 years after emigration), the policy would represent a budgetary interest of €16 million or €31 million based on the 2022 figures, and €19 million or €38 million based on the 2023 figures. If tax treaties were not a limiting factor to the trailing tax, the budgetary interest would have been approximately ten times greater.

TAX OWED



Naturally, these results partly depend on the parameters chosen. For instance, a relatively high wealth threshold was used to determine the target group in this study (based on the top 1% wealthiest Dutch residents), in relation to the chosen income threshold. This is evident from the percentage of emigrants included in the target group on income grounds alone. Depending on the exact design of a trailing tax, a different amount of tax revenue could therefore arise.

Nevertheless, in practice, the anticipated tax revenue of the measure will likely be lower due to behavioural effects, for example, because individuals who might potentially fall under the measure could choose to emigrate to countries with

which the Netherlands does have a tax treaty, rather than a non-treaty country. Moreover, for the Tax Administration it is challenging to enforce collection of the formalised tax debt in the case of non-treaty countries, as is further described under the implementation aspects.

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4. Implementation aspects of a trailing tax

4.1 General implementation aspects

A new levy, such as a trailing tax, places significant demands on the implementation capacity of the Tax Administration. A trailing tax will in all likelihood entail relatively high administrative costs in relation to the tax revenues expected from the measure. It will also demand considerable compliance efforts from taxpayers.

In general, the assessment and collection of taxes become highly complex when taxpayers are residing abroad, except in cases of voluntary payment. Particularly in non-treaty countries, it is very difficult and costly to collect the formalized tax liability due to the frequent absence of agreements on information exchange, a lack of mutual assistance in collection, and complex foreign recovery rules and constraints.

Taxpayers may attempt to circumvent the effect of a trailing tax by first relocating to a higher-tax country before emigrating to a low-tax country. Any anti-abuse rules designed to address such behaviour would add to the complexity of the trailing tax, since multiple residency moves would then need to be tracked. Furthermore, it is expected that taxpayers, despite the existence of trailing taxes in Europe and in inheritance and gift tax, will lodge objections and appeals against a new trailing tax in the personal income tax. This would require additional capacity from the Tax Administration.

A trailing tax also entails administrative burdens for taxpayers. Depending on the country of immigration, individuals may be required to file tax returns in two countries for a single tax year, each with its own regulations. Taxpayers may also feel that their right to privacy is being infringed if the former country of residence continues to collect information for several years for the purpose of assessing the trailing tax. Finally, every threshold or (additional) condition attached to the application of a trailing tax can lead to boundary-testing. On the other hand, a more extensive limitation may be desirable to focus the measure as much as possible on the intended target group (see also section 2 of this letter).

Moreover, the application of a trailing tax is time-intensive, and requires monitoring of files over a prolonged period.

4.2 Implementation aspects dependent on design

The consequences for implementation are highly dependent on the design of the trailing tax. Key choices include the relevant nexus, the target group, the destination country, and the possibility of rebuttal possibilities.

Target group

If the target group of the trailing tax is limited to emigrants with very high wealth or income, this will reduce the administrative burden for the Tax Administration and will limit the number of taxpayers affected by the trailing tax. As described in paragraph 2.1, such a distinction can be justified by the fact that people with very high wealth or income have greater opportunities than others to structure their residence and activities in a way that minimises tax liabilities. Naturally, such a distinction would need to be legally defensible, and any chosen thresholds should be justifiable.

Depending on the design, it may in some cases be necessary to value assets located abroad in order to determine whether a taxpayer meets the wealth threshold.

If, in principle, all emigrants could be subject to a trailing tax, this would result in a much larger group of taxpayers facing administrative burdens and would render implementation by the Tax Administration almost unmanageable. Moreover, there is a risk that, in practice, the trailing tax would predominantly be imposed on less wealthy individuals, because wealthy individuals would be more able to structure their emigration to avoid the measure. Such a broad design is expected to place an undesirably heavy burden on implementation capacity, disproportionate to the anticipated tax revenue of the measure.

Nexus

Robust nexus criteria are essential for implementation. Basing the tax measure on Dutch nationality in combination with a minimum period of residence in the Netherlands would be an obvious choice (comparable to the current regime in gift and inheritance tax). Absent such requirements, expats or persons who have only lived briefly in the Netherlands could also be affected.⁵ However, this combination of criteria would make a trailing tax harder to implement. Additionally, the duration of the trailing tax could potentially be made dependent on the number of years the taxpayer has resided in the Netherlands. This would, however, make the measure more complex and difficult to implement.

In practice, there will likely be more disputes than currently about the moment of emigration. In reality, it is not always clear at which exact moment a taxpayer has emigrated and is no longer resident in the Netherlands. With a trailing tax that applies for a number of years following emigration from the Netherlands, these taxpayers have an incentive to establish the date of emigration as early as possible. In such cases, the effective application period of the trailing tax would be as short as possible. It is therefore conceivable that taxpayers will more emphatically contest their place of residence, resulting in more residence determination investigations conducted by the Tax Administration.

⁵ Kamerstukken II 2024-25, 25087, nr. 342 moreover describes that a national trailing tax (depending on its design) can be in line with EU-law if it is restricted to individuals with the Dutch nationality.

Country of immigration

If the trailing tax is only applicable to (potentially) low-tax countries, a country list could be established for this purpose. A fixed country list would simplify implementation and promote legal certainty. However, this would necessitate annual evaluation of existing and new regimes. Such a list would therefore require continual monitoring.

An assessment by the Tax Administration on a case-by-case basis of the effective tax rate would be more closely aligned with the purpose of the measure and would allow for more tailored application. However, this would impose a significant additional burden on the Tax Administration, even if the taxpayer bears the burden of proof regarding the comparative tax burden. The Tax Administration would still need to enforce this requirement. It would also likely necessitate recalculation of foreign taxable bases in accordance with Dutch standards. This demands specific expertise in the tax law of the taxpayer's country of residence, which is not easily obtained or verified.

Tax credits

The possibility to credit any tax paid in the country of immigration against Dutch tax liability is consistent with the purpose of the arrangement and is desirable from the taxpayer's perspective. Without the ability to credit such taxes, double taxation could arise. That outcome is undesirable. Allowing credits would be expected to present only limited implementation issues. It is, however, essential that the crediting mechanism is clear for both the Tax Administration and the taxpayer. It could be aligned with the system as set out in the 2001 Decree on the Prevention of Double Taxation. It is important that the taxpayer holds sufficient documentation to meet the burden of proof should the crediting mechanism be applied.

Rebuttal possibilities

A rebuttal possibility allowing emigrants to demonstrate the presence of legitimate reasons for emigration would make the regulation significantly more complex to implement. In practice, it is difficult to differentiate and assess between personal and, for instance, tax motives. If the aim is only to target emigrations in which substantial ties with the Netherlands remain, it would be more obvious to apply the trailing tax only in those cases, similar to the Finnish regime. Should a country list be used that also includes countries with favourable regimes, taxpayers could potentially make use of a rebuttal possibility to demonstrate that they are not making use of that regime.

Conclusion

The study by the Tax Administration shows that a trailing tax with a duration of five years represents an estimated tax revenue of approximately €16 to €20 million, and a trailing tax with a duration of ten years, approximately €31 to €38 million. The variant that was studied is aimed at emigrants with a high income or substantial wealth who pay little or no income tax in their country of immigration. In practice, the projected tax revenue will be lower. There is, for example, a real risk that very wealthy emigrants will structure their affairs in such a way that

they avoid the trailing tax entirely—by taking advantage of the Dutch treaty network, by first emigrating to another country and subsequently relocating to a low-tax jurisdiction, or by exploiting an absence of agreements regarding information exchange and mutual assistance in collection. As a result, the measure might in practice mainly affect emigrations that are not tax-motivated.

In addition to the expected limited yield, a trailing tax would also impose significant administration burdens on the Tax Administration and taxpayers. It is therefore questionable whether a trailing tax, in the present context, would make a balanced and effective contribution to the intended objectives.

Amending tax treaties with countries where many emigrants settle might lead to increased effectiveness. However, renegotiating treaties is a lengthy process that also requires concessions, and there would remain a risk that individuals emigrate to countries with which no revised treaty has been concluded. In short, it appears very difficult to achieve an effective form of trailing tax.

Given the demissionary status of this cabinet, any decision to further research or implement a (variant of) a trailing tax is a matter for a future cabinet.

A possible alternative to a trailing tax could be to discourage emigration to low-tax countries by means of an exit levy. One example would be a measure where very wealthy individuals who emigrate to a low-tax country are subject to an exit levy calculated over their wealth at the moment of departure. Such an exit levy should, in principle, be compatible with tax treaties and could therefore be more effective. However, the same avoidance options that exist for a trailing tax would also apply, such as the possibility of first relocating to a country with a higher tax burden.

Such an exit levy would, moreover, be a new concept, and is not yet applied elsewhere. It is currently unclear how such a measure could be shaped legally in an administrable and proportional manner. These and other aspects therefore require further exploration and assessment before such a measure could be considered further. It would also necessitate a political decision to enact such a settlement at the Dutch border, in addition to the existing exit levies.

Furthermore, with any measure aimed at improving the effective taxation of very wealthy individuals in an international context, it is important to gain a good understanding of the current functioning of existing exit levies in boxes 1 and 2 of personal income tax. These are the exit levies concerning profits from business, income from other activities, substantial interests, as well as pensions and annuities. For this reason, I intend to undertake a (policy) evaluation to examine whether these existing exit levies achieve their objectives in practice—namely, ensuring that the Netherlands is able to tax income or wealth accrual generated within its jurisdiction. This evaluation will also include the existing trailing tax in the gift and inheritance tax.

Finally, international agreements remain the most effective way to create a level playing field and to counteract base erosion. The Netherlands will therefore continue to actively pursue international agreements at the OECD and EU level to limit tax competition between member states, thereby working closely with like-minded countries. In addition, the Netherlands will in general aim to take certain

tax regimes into account in future treaty negotiations, for example by denying treaty benefits for specific regimes.

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Respectfully,

Minister for Tax Affairs, the Tax Administration and Customs
Eugène Heijnen