



# DOING BUSINESS WITH YOUR OWN PRIVATE LIMITED COMPANY

Advisory Handbook 2025



As a director and major shareholder, you are uniquely positioned to conduct business with your own private limited company. It is essential, however, that both parties operate on an arm's-length basis and that all agreements are properly documented. By following the rules, doing business with your own company can be highly beneficial. This includes, for example, entering into a loan agreement with the company or making business premises available to it.

#### Note!

This Advisory Handbook refers to various tax rates. These represent the standard applicable percentages. Several tax credits are now income-dependent, meaning they increase or decrease as your income changes. From this year (2025), this income-dependence applies not only to income in box 1 but also to income in boxes 2 and 3. This factor has not been accounted for in the stated percentages. Therefore, the effective (marginal) tax rate on additional income may differ from the stated percentage.

## CURRENT ACCOUNT

In practice, many directors and major shareholders maintain a current account with their company. Where debit and credit balances fluctuate, the Secretary of State for Finance has approved—under certain conditions—that no box 1 interest need be declared, provided the current account balance during the calendar year does not exceed €17,500 (positive) or fall below -€17,500 (negative). In such cases, the company need not account for interest, and you are not required to declare a current account liability in box 3. However, any current account receivable falls under box 1 and is not included in box 3.

#### Note!

If the current account balance exceeds €17,500, interest must be calculated on the entire amount for the full year.

The Secretary of State's approval does not apply to loans, even where the balance does not exceed €17,500.

## EXCESSIVE BORROWING FROM OWN COMPANY ACT ("DGA-TAX")

As of 1 January 2023, a regulation came into force aimed at discouraging excessive borrowing by directors and major shareholders from their own companies. This regulation is commonly referred to as the "DGA-tax". In 2025, the rule stipulates that any amount borrowed from the company exceeding €500,000 is treated as income from a substantial interest and taxed accordingly. The €500,000 threshold applies jointly to the director and their partner, across all companies in which they hold a substantial interest.

This regulation covers all direct and indirect debts, regardless of their purpose. If a company deposits funds with a director and major shareholder under reservation of economic ownership, the Dutch Tax and Customs Administration also treats these funds as a debt. Only owner-occupied home loans that meet statutory conditions for mortgage interest relief under the Income Tax Act are excluded. The company must also have been granted a mortgage right, unless the loan was already in place before 31 December 2022.

If your immediate family members (parents, children, grandchildren) also owe money to your company, those debts generally count towards the threshold, but only for the amounts exceeding €500,000. Each family member has their own €500,000 threshold. The excess is taxed in the hands of the director and major shareholder—not the relative. This does not apply if the relatives also hold a substantial interest in your company.

#### Note!

The reference date for this year is 31 December 2025. If your debts to your own company exceed €500,000, you can still avoid box 2 taxation by repaying the excess before this date. Consult our advisers about your options.

## SAVING AND INVESTING IN THE COMPANY

You may also save or invest within your company by transferring private capital into it. The actual return is then taxed within the company rather than the notional return that would apply in box 3 if held privately.

#### Note!

Saving or investing via the company may also be beneficial if you receive benefits or allowances. Assets held by the company are not counted in the asset test for most benefits, which may allow you to retain entitlement.

## LOANS

All transactions between you and the company must occur on an arm's-length basis, including lending arrangements. A written loan agreement must be drawn up, including at least a repayment schedule and an arm's-length interest rate. The loan should generally be secured with collateral. To assess whether the arrangement is arm's length, consider whether the same terms would be acceptable to or from an unrelated third party.

## GUARANTEES

As a director and major shareholder, you may guarantee your company's debts, which is sometimes necessary to secure a bank loan. Ensure such guarantees are provided on an arm's-length basis. If you are held liable, any loss is only deductible if the terms were arm's length. The key test: would you have accepted these terms for a third party's debt? Any remuneration received from your company for providing the guarantee is taxed in box 1 (at 88%) and deductible for the company.

#### Tip!

If you already have a loan or guarantee agreement, have it reviewed regularly to ensure it remains appropriate.

## LENDING TO THE COMPANY

If you lend money to your company, the interest it pays you is deductible for corporate income tax. For you, the loan falls under the Income Tax Deferral Scheme (TBS), meaning the interest is taxed progressively in box 1. The TBS includes a 12% exemption, with a maximum rate of 37.48%. If the agreed interest rate is excessively high, it will be adjusted to an arm's-length rate. The excess may be treated as a disguised dividend and taxed in box 2, while not deductible by the company.

## BORROWING FROM THE COMPANY

You may borrow from your company either as an employee or a shareholder. This distinction must be clearly established in advance due to differing tax consequences.

#### Note!

Avoid causing financial difficulties for the bv when borrowing funds! Ensure that the bv can continue to meet its (payment) obligations. This is particularly important if the bv also manages an internal pension scheme or severance payment provision.

In the case of a staff loan — you borrow in your capacity as an employee — there may be an interest benefit. This occurs when you pay no interest, or less interest, on the loan than you would with a credit provider. The interest benefit, based on its fair market value, constitutes taxable wages. You can determine this value by comparing interest rates from different banks.

The taxed interest benefit can be designated and possibly included in the 'discretionary margin' of the work-related costs scheme. In 2025, this margin amounts to 2% of the wage bill up to €400,000 and 1.18% on the portion exceeding that. Insofar as the designated reimbursements and provisions exceed the discretionary margin, the employer is liable to pay an 80% levy.

#### Note!

To make use of this scheme, it is a requirement that an income component (in this case, the interest benefit) be explicitly designated in the administration. Additionally, the total of all designated reimbursements and provisions to an employee must not exceed what is customary, and the employer must be able to demonstrate this. If the designated reimbursements and provisions do not exceed €2,400 per person, the Dutch Tax and Customs Administration will — with the exception of special cases — not question the customary nature.

An exception applies if you use the staff loan for an owner-occupied home. The interest benefit on such a loan must be included in your taxable wages. This benefit is considered remuneration in kind, on which your bv, as employer, is required to calculate wage tax. Consequently, the taxed interest benefit may not be included in the discretionary margin of the work-related costs scheme.

However, you may deduct the taxable owner-occupied home interest benefit under the owner-occupied home scheme in your income tax return. The maximum deduction rate for 2025 is 37.48%.

#### Tip!

If you use the loan to purchase a (electric) bicycle or electric scooter, it is possible to apply no or a lower interest rate. In this case, the interest benefit remains untaxed.

#### Note!

The Dutch Tax and Customs Administration may take the view that a staff loan is not permissible for a director and major shareholder. This is especially the case if the possibility of a staff loan is open only to the director and major shareholder and not to other employees of the bv.

If you borrow in your capacity as a shareholder, businesslike conduct remains paramount. If you borrow for consumer purposes or, for example, to invest privately, then the loan is considered a liability in Box 3. The interest you pay to the bv is not deductible for you, but it is taxable for the bv as received interest. This loan will, of course, also count under the Excessive Borrowing from Own Company Act (see above).

#### Note!

Borrowing money from the bv for private investments is likely to be less attractive in 2025. For such investments, a deemed return of 5.88% applies in Box 3, whereas debts are likely to be deductible at only 2.62%. This figure is provisional; the definitive percentage will not be known until early 2026.

#### Note!

In Box 3, you may opt to declare your actual achieved return under the rebuttal scheme, but this is not always more favourable. This is partly due to the fact that, when using this scheme, you are not allowed to take into account the tax-free allowance, which in 2025 amounts to €57,684, or €115,368 for partners.

## LOANS FOR THE OWNER-OCCUPIED HOME

Your bv can also grant you a loan for the purchase, renovation, or maintenance of an owner-occupied home. Provided that the loan agreement is businesslike, the interest is deductible in Box 1 as owner-occupied home interest at a maximum rate of 37.48% (2025), and taxable for the bv. Since 2013, a new owner-occupied home loan must comply with repayment conditions to be eligible for interest deduction. If you have increased your existing owner-occupied home loan with the bv since then, you must also observe the new rules for the increased portion. For this new part of the loan, the interest is only deductible if the loan is fully repaid within thirty years, following at least an annuity-based repayment schedule.

### Note!

If you have borrowed money from your bv for an owner-occupied home since 1 January 2013, you are subject to an obligation to provide information. You must inform the Dutch Tax and Customs Administration in a timely manner about this mortgage loan. The details of the owner-occupied home loan with the bv can be reported via your annual income tax return.

### Important!

Mortgage interest deduction in the highest tax bracket is limited in 2025 to 37.48%.

In the current market, investing in and financing your own property is by no means straightforward. If you do have the possibility to invest in your own business premises, the question then becomes: who will make the investment — you as director and major shareholder, or the bv?

### Note!

Investing privately or through the bv carries different tax consequences. We can calculate which option is more advantageous in your specific situation.

## IN THE NAME OF THE BV

The decision to hold the business premises through the bv is influenced — in addition to tax factors — by the business risks and your future plans. We often see the business premises being separated from the company's operational risks. This is especially true if the property also serves as an investment object. The property is then held through the bv and rented out to the operating company. The rental income — after deduction of, among other things, depreciation and (financing) costs — is taxed as profit under corporate income tax. Any future gain or loss on sale is likewise included in taxable profit.

### Tip!

Placing the business premises in a separate bv makes it easier to structure and finance a future business transfer.

## IN THE NAME OF THE DIRECTOR AND MAJOR SHAREHOLDER

If you choose to invest in the property privately and rent it to your bv, the property falls under the **availability-for-business scheme** (TBS-regeling). Rental income, depreciation, operating expenses, and capital gains or losses on the property are included in your Box 1 income. Note: if you are married and the property falls within a general or limited community of property, this Box 1 income is attributed 50/50 to you and your spouse.

When determining the amount of tax-deductible depreciation, a restriction must be observed. This also applies when the property is held by the bv. Depreciation is no longer possible once the book value of the property reaches the floor value. As of 1 January 2024, this floor value — in both corporate income tax and income tax — is limited to 100% of the WOZ value of the property. For business premises where

depreciation began before 1 January 2024, but where fewer than three full years of depreciation have been applied, transitional law applies. In these cases, the floor value is, under conditions, not yet limited to 100% of the WOZ value, but to 50% of that value.

#### Tip!

Under the availability-for-business scheme, the proceeds are taxed at the progressive income tax rate of up to 49.5%, but the TBS exemption reduces the effective rate for the director and major shareholder. Under the TBS exemption, 12% of the result is tax-free. This 12% exemption is, however, subject to a maximum rate of 37.48%.

## TAX RATE IN BOX 2

If your bv distributes dividends to you, you must pay tax in Box 2. This also applies in other situations, several of which have been discussed earlier. The tax rate in Box 2 is different in 2025 compared to previous years. In 2025, two rates apply in Box 2. On the first €67,804 of Box 2 income (double that for fiscal partners), the tax rate is 24.5%. On the excess, the tax is 31%.

## HAVING THE BV PAY STUDY COSTS

The bv can reimburse study costs tax-free for you as an employee, just as it can for other employees, provided the costs relate to your current work or future income. In the latter case, it is important that the income is realistically achievable. For example, if you are approaching retirement and the course is lengthy, there is doubt as to whether you will realistically generate that income.

In addition to yourself, you may, for example, also employ your children and pay for their education. But beware: if your child is treated very differently than other employees or the education is unrelated to your child's (future) tasks within the company, the Dutch Tax and Customs Administration will quickly deem the costs to be unbusinesslike. The costs are then no longer deductible by the bv, and the study allowance itself may also be taxable.

## BUYING FROM AND SELLING TO THE BV

It is common for a director and major shareholder to buy items from, or sell assets to, their bv. This could involve a car, investments, or real estate. Such transactions will always be critically assessed to determine whether they are conducted on a commercial basis. In these cases, it is useful to be able to prove the value – for example, through an independent valuation or an offer for a comparable amount. Be sure to retain this evidence to avoid the possibility of a deemed distribution (i.e. no deduction of corporate income tax and taxable treatment of the benefit).

## IN CONCLUSION

Doing business with your own private limited company can offer financial advantages. This Advisory Handbook outlines only some of the possibilities. Please contact us for further information.

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