

CAR AND TAXES

Advisory Handbook 2026



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Driving in a tax-efficient manner is becoming increasingly challenging, as vehicle taxes have tightened in recent years. While it remains possible, fewer individuals can benefit. The new 12% pseudo-final levy, effective from 2027, might influence your choice of vehicle, affecting both you and potentially your employees. We have outlined all essential information clearly below.

If you drive an environmentally friendly vehicle, you may have previously enjoyed numerous tax benefits. These benefits have gradually diminished over recent years. Although more limited, some tax advantages still remain available in 2026.

PRIVATE USE OF A COMPANY VEHICLE – ADDITION TO INCOME

Since 2017, most new company vehicles used privately have incurred a standard addition of 22% of the vehicle's list price (including VAT and bpm). Only zero-emission vehicles qualify for a reduced addition. This discount applies from the month of vehicle registration and for the subsequent sixty complete months. After this period, the addition is recalculated annually based on the rates applicable at that time. Vehicles without emissions registered in 2021 still benefit from a 12% addition rate for part of 2026. During 2026, the addition for these vehicles will be recalculated according to the rules applicable in that year (see below).

2021

For electric vehicles registered in 2021, the addition rate was 12% for the first €40,000 of the list price and 22% for any amount above this threshold. Hydrogen-powered and solar cell vehicles registered in 2021 had a 12% addition rate on the entire list price.

2022

For electric vehicles registered in 2022, the addition rate was 16% for the first €35,000 of the list price and 22% on any excess amount. Hydrogen-powered and solar cell vehicles registered in 2022 had a 16% addition rate on the entire list price.

2023

For electric vehicles registered in 2023, the addition rate was 16% for the first €30,000 of the list price and 22% on any excess amount. Hydrogen-powered and solar cell vehicles registered in 2023 had a 16% addition rate on the entire list price.

2024

For electric vehicles registered in 2024, the addition rate was 16% for the first €30,000 of the list price and 22% on any excess amount. Hydrogen-powered and solar cell vehicles registered in 2024 had a 16% addition rate on the entire list price.

2025

For electric vehicles registered in 2025, the addition rate is 17% for the first €30,000 of the list price and 22% on any excess amount. Hydrogen-powered and solar cell vehicles registered in 2025 have a 17% addition rate on the entire list price.

2026

In 2026, the following addition rates and CO₂ emission thresholds apply for new vehicles:

Type of vehicle	Addition rate	CO ₂ emission
Electric	18% up to €30,000 / 22% above	0
Hydrogen	18%	0
Solar cell	18%	0
Others	22%	> 0

Tighter CO₂ thresholds do not result in annual changes to your addition rate. A fixed rate applies for sixty months. After this period, the rate will adjust based on the prevailing rates.

Important!

Vehicles first registered by 31 December 2016 will attract an addition rate of 25% after sixty months rather than 22%, except for zero-emission vehicles. Zero-emission vehicles receive a 4% discount in 2026, applicable up to €30,000 of the list price. Thus, a 2016 electric vehicle will have a 21% addition rate in 2025 (25% - 4%) up to €30,000, and 25% above this amount. An electric vehicle registered in 2017 will have an 18% addition rate in 2026 (22% - 4%) up to €30,000 and 22% above. After sixty months, the rate follows annual regulatory changes.

Tip!

For entrepreneurs liable to Income Tax, the addition is capped at the total annual vehicle expenses deducted from taxable profit.

FROM 2028

From 2028 onwards, there will be only one addition rate of 22%, removing advantages for zero-emission vehicles. In 2027, the discount on the addition will be reduced from 4% to 2% up to €30,000 of the list price, with 22% applying to any amount above this threshold. Therefore, electric vehicles registered in 2027 will have a 20% addition rate up to €30,000 and 22% above this amount.

LESS THAN 500 KILOMETRES?

The addition can be fully avoided if you can prove you drove no more than 500 private kilometres annually. Commuting kilometres are considered business kilometres, even if you return home for lunch.

YOUNGTIMER REGULATION: AGE LIMIT INCREASED, TRANSITIONAL ARRANGEMENT IN 2026

In 2026, the addition for private use of a vehicle first used sixteen years previously is 35% of its current market value—this is known as the youngtimer regulation. In 2025, this age limit was still fifteen years.

Vehicles younger than sixteen years but first used before 1 January 2017 will incur a 25% addition based on the list price in 2026. For zero-emission vehicles in this category, a 21% rate applies up to €30,000.

Tip!

For a vehicle already assigned to the same employee in 2025 that reached fifteen years of age in 2025, a transitional rule allows the use of the 35% market value rate for the entirety of 2026.

Important!

From 1 January 2027, the youngtimer regulation age limit increases to 25 years without further transitional arrangements.

ENVIRONMENTAL INVESTMENT ALLOWANCE (MIA)

In 2026, the small-scale investment allowance (KIA) applies to vans. Hydrogen-powered passenger cars and vans qualify for a 45% MIA, covering up to 90% of the investment. Passenger cars have a cap of €75,000, vans €125,000.

Type of vehicle	MIA %	Maximum investment
Hydrogen passenger car	45%	€75,000
Solar cell passenger car	36%	€100,000
Hydrogen-powered van	45%	€125,000

Important!

If you claim MIA, you cannot claim the Hydrogen Mobility Subsidy Scheme (SWIM), and vice versa. Solar-powered passenger cars have a 36% MIA, up to 90% of the investment capped at €100,000.

REPORTING TO RVO

To claim MIA, report your investment to RVO within three months after the investment obligation arises. The date of usage or invoice is irrelevant. However, the timing of usage or payment can affect when you apply the allowance in your tax return.

MOTOR VEHICLE TAX

The amount of motor vehicle tax (MRB) depends on a number of factors, including the CO₂ emissions of your car. For passenger cars with CO₂ emissions of 0 g/km, a 30% reduction on the standard MRB rate applies in 2026. For plug-in hybrids, no reduction will apply in 2026. Likewise, for zero-emission vans, no reduction in MRB will apply in 2026.

Entrepreneurs pay less MRB for a van. The condition is that the van is used for business purposes for more than 10%. You must be able to demonstrate this upon request, although maintaining a mileage record is not required.

BPM

When your car is registered, BPM is levied. The amount of BPM for passenger cars is based on CO₂ emissions. As of 2025, there is no longer an exemption from BPM for cars with CO₂ emissions of 0 g/km. However, an exemption from BPM still applies to vans with CO₂ emissions of 0 g/km. For passenger cars that do not qualify for an exemption, the BPM increases as CO₂ emissions increase.

Please note!

The BPM exemption for entrepreneurs has been abolished as of 2025. The exemption still applies to vans purchased before 2025, provided that the applicable conditions continue to be met. This means, among other things, that the van must be used for business purposes for more than 10%.

FROM 2027: 12% PSEUDO-FINAL LEVY ON COMPANY CARS WITH CO₂ EMISSIONS

From 2027, a pseudo-final levy of 12% will apply within payroll tax. This 12% is payable by an employer if, from 2027 onwards, the employer:

- makes a company passenger car available to an employee,
- which may also be used for private purposes, and
- which has CO₂ emissions greater than zero.

Important!

The 12% pseudo-final levy is borne by the employer. It is an additional levy that the employer is not permitted to pass on to the employee. In addition, the taxable benefit for the company car borne by the employee (the addition for private use) will continue to exist unchanged in 2027.

EXCEPTIONS

There are a number of exceptions. An employer is not liable for the final levy if:

- the passenger car has CO₂ emissions of zero – fully electric and hydrogen-powered vehicles therefore fall outside this levy;
- the company car is used exclusively for business purposes and not for private use (in such cases, no addition for private use of the company car applies).

Note!

An exception applies for incidental private use in cases of force majeure and special circumstances. The employer must, however, be able to demonstrate that such a situation exists.

COMMUTING IS PRIVATE USE!

With regard to the exception of 'no private use', there is an important caveat. Whereas commuting is considered business use for the purpose of the addition for private use of a company car, these kilometres are regarded as private kilometres for the pseudo-final levy.

Please note!

As a result, from 2027 an employer may also be liable for the pseudo-final levy even if the employee does not use the passenger car for private purposes (or uses it for a maximum of 500 kilometres) and therefore has no addition for private use. If that employee does use the passenger car for commuting, the employer will still be liable for the 12% pseudo-final levy.

PASSENGER CAR

The pseudo-final levy applies to passenger cars. These are vehicles with classification M1 in the civil vehicle registration register, as well as cars that would qualify as such under European regulations.

Please note!

An M1 vehicle is a motor vehicle with four or more wheels, designed and constructed for the transport of passengers, with a maximum of nine seats, including the driver's seat. Motorhomes, passenger vans used for care transport (fitted with a maximum of nine seats), and hearses also fall within this category.

Vans, lorries, and tractors do not have an M1 classification and therefore do not fall under the pseudo-final levy.

TRANSITIONAL ARRANGEMENT UNTIL 17 SEPTEMBER 2030

Passenger cars that were already made available before 1 January 2027 will not immediately be subject to the pseudo-final levy from 1 January 2027. A transitional arrangement applies to these passenger cars until 17 September 2030. Only from that date may an employer become subject to the pseudo-final levy for those passenger cars.

Note!

The transitional arrangement is linked to the passenger car. Therefore, even if an employer makes the car available to a different employee after 1 January 2027 than the employee to whom the car was made available before 1 January 2027, the transitional arrangement will continue to apply.

12% OF THE (LIST) VALUE

The 12% pseudo-final levy will be calculated based on the list value of the passenger car, including VAT and BPM. Unlike the addition for private use of a company car, the employee's own contribution is not taken into account when calculating the pseudo-final levy. If the passenger car is more than 25 years old, the 12% pseudo-final levy will be calculated based on the fair market value of the passenger car.

PAYMENT WITH PAYROLL TAX RETURN

The pseudo-final levy is calculated per calendar month. However, the employer may choose to pay the final levy no later than in the second payroll tax return of the following calendar year.

Please note!

For the year 2027, an employer must therefore pay the pseudo-final levy no later than in the second payroll tax return period of 2028.

Saving on the pseudo-final levy by not making the passenger car available for private use on all days will not be effective. If the passenger car is made available for private use for only part of a month, it is deemed to have been made available for private use for the entire calendar month. The 12% pseudo-final levy will then apply to the entire calendar month.

ALSO APPLICABLE TO THE DIRECTOR AND MAJOR SHAREHOLDER, NOT TO THE INCOME TAX ENTREPRENEUR

The pseudo-final levy is a levy imposed on employers. This means that if a private limited company (BV) makes a company car available to a director and major shareholder, that BV may also be subject to the levy.

An entrepreneur operating a sole proprietorship or a general partnership (VOF) will not be subject to the levy for themselves, but may be subject to it for their employees.

ANTICIPATION

Despite the fact that the measure will only take effect in 2027 and a transitional arrangement applies, it is advisable to anticipate the measure now. This is particularly relevant if you are currently entering into, or intend in the future to enter into, a lease contract with a term of five years. After all, the transitional arrangement runs until 17 September 2030, which is already less than five years away at present.

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