

OWNER-OCCUPIED HOME

Advisory Handbook 2026



esj

powered by piagroup

There are clear and strict tax regulations concerning owner-occupied homes. For example, loans on owner-occupied homes must meet specific repayment conditions to qualify for interest deduction. Furthermore, interest deduction has been gradually reduced. Perhaps you are considering making additional repayments, but would that be wise? Here, briefly summarised, are these and other essential points you should consider when buying and owning an owner-occupied home.

Which rules apply depends on your individual circumstances. Various scenarios are discussed in this Advisory Handbook.

PROPERTY TRANSFER TAX: THREE RATES AND A HIGHER FIRST-TIME BUYERS' EXEMPTION IN 2026

When purchasing real estate, property transfer tax is payable. From 2026, there are three different rates and one exemption applicable to residential properties.

HOME FOR PERSONAL USE

In 2026, under certain conditions, a property transfer tax rate of 2% applies when transferring a home that the buyer will use as their main residence. This rate remains unchanged from 2025.

OTHER HOMES

What has changed is the tax rate for other residential properties. For properties not used as the main residence (such as holiday homes, homes purchased for studying children, or rental properties), the property transfer tax rate has decreased from 10.4% in 2025 to 8% from 2026.

OTHER REAL ESTATE

For other types of real estate, the property transfer tax remains at 10.4%, unchanged from 2025.

PROPERTY TRANSFER TAX EXEMPTION

The property transfer tax exemption, known as the first-time buyers' exemption, applies to young people aged between 18 and 35 years (18 or older but under 35), who purchase a home to live in permanently. This exemption is limited to properties with a maximum value of €555,000 (2026).

Tip!

The property value threshold for 2027 has already been announced and will be €615,000.

Note!

This exemption can be used only once.

Note!

The delivery date of the property at the notary determines whether this exemption applies. If you purchased a property in 2025 but the notarial transfer occurs in 2026, the value threshold of €555,000 (2026) applies, rather than the €525,000 threshold applicable in 2025.

OWNER-OCCUPIED HOME LOAN, REPAYMENT, AND INTEREST DEDUCTION

Interest on an owner-occupied home loan is only deductible if the loan is fully repaid, at least through annuity payments, within a maximum of 30 years. This means monthly payments (interest plus repayment) remain consistent during the fixed-interest period. Another requirement is that the loan must be used for the purchase, maintenance, or improvement of your owner-occupied home.

These rules generally apply to all loans concluded from 1 January 2013 onwards. However, certain loans concluded on or after this date may fall under transitional arrangements, exempting them from repayment requirements. Our advisers can provide further details tailored to your specific situation.

CONSEQUENCES OF NOT MEETING REPAYMENT OBLIGATIONS

Repayment obligations must be explicitly defined and adhered to in the loan agreement. If repayments are insufficient, interest on the loan ceases to be deductible. However, temporary arrears can be remedied, or a new repayment schedule can be agreed upon under certain conditions. Provided corrective actions are timely, interest deduction continues. Failure to promptly meet these conditions results in loss of interest deduction.

Tip!

Loss of interest deduction isn't permanent. Once repayment arrears are resolved, interest deduction resumes from that moment.

INFORMATION OBLIGATIONS

If your owner-occupied home loan subject to repayment requirements is from a lender not based in the Netherlands, you are required to provide information through your income tax return. This applies to loans contracted after 31 December 2015 and any modifications made after 1 January 2016. Required information includes lender details, loan amount, duration, and interest rate. Failure to comply results in loss of interest deductibility, although compliance in later years restores deductibility from the following year.

Attention!

This also applies to a director and major shareholder who obtained an owner-occupied home loan from their own private limited company (BV).

LIMITATION ON INTEREST DEDUCTION IN THE HIGHEST TAX BRACKET

Since 2014, the maximum mortgage interest deduction has decreased annually. In 2026, interest previously deductible at the highest tax bracket (49.5%) is limited to 37.56%. This applies to all loans, regardless of whether they were taken out before or after 1 January 2013.

TRANSITIONAL LAW: EXISTING OWNER-OCCUPIED HOME LOANS

Loans existing before 1 January 2013 (old owner-occupied home loans) are exempt from repayment requirements. Some loans taken out after this date might still qualify as old owner-occupied home loans under specific conditions, such as temporary rental between two owned properties, purchasing another property, or home improvements, including special rules for expats.

REFINANCING LOANS

Refinancing an existing loan retains its old loan status, provided the refinanced amount does not increase. Additional amounts are considered new loans and must meet repayment requirements for interest deductibility.

INTEREST DEDUCTION LIMITED TO A MAXIMUM OF 30 YEARS

Mortgage interest deduction is limited to 30 years. For loans predating 2001, this period began on 1 January 2001. Consequently, interest deductibility expires from 2031 onwards, resulting in higher monthly expenses. Each increase in your mortgage resets this 30-year period for the additional amount borrowed.

INSURANCE FOR OWNER-OCCUPIED HOMES

For a considerable time (since 2013), it has no longer been possible to take out new savings, insurance, or investment products linked to an owner-occupied home. If you already hold an existing savings, insurance, or investment product linked to an older owner-occupied home loan, nothing changes.

This remains exempt in Box 1. A linked savings, insurance, or investment product continues under transitional rules applying to older owner-occupied home loans: if your loan, taken out in 2013, qualifies as an older owner-occupied home loan, it was still possible in 2013 to link a savings, insurance, or investment product to it.

Tip!

In principle, from 1 April 2017, you may freely utilise the exemption for your savings, insurance, or investment product. Surrendering the product is generally not financially attractive. Therefore, consult our advisers in advance regarding your specific situation.

(ADDITIONAL) REPAYMENT OR NOT?

Now that interest on savings accounts is low, the question arises whether making additional repayments might be advisable. Repaying your mortgage has various tax and financial implications. We list several of these below:

- After repayment, you will no longer have to pay mortgage interest.
- After repayment, you will no longer be able to deduct that interest in Box 1.
- Please note that you may incur a penalty interest charge for additional repayments.
- Given the low interest rates, you will likely barely notice the loss of interest from your savings account.
- You may save tax in Box 3 due to using your savings for repayment.
- If you repay your mortgage, you will no longer have the addition of notional imputed rental income for your owner-occupied home. However, this facility has been gradually phased out over thirty years from 2019 and will be accelerated from 2026. In 2026, you may deduct only 71.87% of the difference between your notional imputed rental income and the deductible costs for your owner-occupied home. From 2026 onwards, this percentage decreases by 4.8% each year. From 1 January 2041, the deduction will cease entirely.

Please note!

Whether repaying your mortgage is advisable depends entirely on your personal circumstances. You may need your savings for other purposes later. If you use savings for repayments, this money will be 'tied up' in your home and can only be freed by selling the property or taking out a new loan. Please bear in mind it may not always be easy to obtain a new loan, and additionally, the interest on such a loan will no longer be deductible in Box 1. Ensure you obtain appropriate advice tailored to your personal circumstances.

RESIDUAL DEBTS

If the proceeds from selling your owner-occupied home are insufficient to cover your home debt and associated selling costs, you will have a residual debt. If this residual debt arose between 29 October 2012 and 31 December 2017, you may deduct interest on this residual debt in Box 1 for fifteen years from the date it arose.

MOVING ARRANGEMENTS

Subject to certain conditions, you may continue treating your vacant home that is for sale, or a newly purchased but still vacant home, as an owner-occupied home under the owner-occupied home scheme, and continue deducting interest on associated loans. The period for these moving arrangements is a maximum of three years following the year you vacated your old home. For homes vacated and offered for sale from 2023, or homes purchased from 2023 that remain vacant or under construction in 2026, interest deduction is permitted until 31 December 2026.

This arrangement also applies if a property is not immediately offered for sale but is placed on the market later. In such cases, mortgage interest deduction is permitted only for the remaining period in which the moving arrangement applies.

INTEREST RATE AVERAGING

Interest rate averaging provides an opportunity to borrow at a lower mortgage interest rate without paying penalty interest charges for early repayment in one lump sum. With interest rate averaging, penalty interest is not payable immediately but spread over the new fixed-interest period, making lower mortgage interest accessible to a broader group.

Penalty interest arising from interest rate averaging is also deductible. In addition to penalty interest, the interest rate may include other surcharges unrelated to penalty interest—for example, a surcharge for early mortgage repayment risk. These additional surcharges, on top of mortgage interest and penalty interest, must not exceed 0.2% in total. Such additional surcharges also qualify for interest deduction.

Tip!

Investigate whether interest rate averaging is a suitable option for your situation.

LOAN FOR ENERGY-EFFICIENT HOMES

Through the National Heat Fund (Nationaal Warmtefonds), you can obtain a loan at an attractive interest rate to improve your home's energy efficiency. Loan amounts must be between €1,000 and €28,000, with terms of seven, ten, fifteen, or twenty years. The loan may only be used for energy-saving measures. If you aim to make your home fully energy-neutral, a loan of up to €28,000 is available. For the purchase of a home battery, a loan of up to €8,500 is available, repayable over seven, fifteen, or twenty years. Interest rates depend on the loan term, ranging from 3.66% to 4.33% (as of January 2026). If your total income is below €60,000, an interest rate of 0% may sometimes be possible. Residents of Capelle aan den IJssel, The Hague, and Leidschendam-Voorburg may be eligible for lower interest rates through their municipalities.

RECLAIMING VAT ON SOLAR PANELS

The VAT rate on solar panels installed on your home was reduced to 0% from 1 January 2023. For private individuals, this generally means registration with the Dutch Tax and Customs Administration for VAT purposes is no longer required, and VAT returns need not be filed. If you purchased solar panels before 2023, a VAT rate of 21% applied. This VAT could be reclaimed by submitting the form 'Opgaaf zonnepaneelhouders' to the Dutch Tax and Customs Administration within six months of the purchase year. However, this form may still be submitted up to five years after the end of the calendar year in which the solar panels were purchased.

Please note!

The net metering scheme for solar panels currently offsets electricity fed back into the grid against electricity consumed. From 1 January 2027, the net metering scheme will be definitively abolished. From that date, energy suppliers must pay reasonable compensation for electricity fed back into the grid. This compensation must be at least 50% of the agreed delivery price up to and including 1 January 2030.

LOW VAT RATE FOR PAINTING, PLASTERING, AND INSULATION OF OLDER HOMES

If your home is more than two years old, the VAT rate for painting, plastering, and insulation work is not 21% but only 9%.

Note!

From 1 July 2025, this reduced VAT rate applies only to privately occupied homes. Properties partially used for business must be split accordingly. Painting and plastering work on business premises must be charged at 21% VAT from 1 July 2025.

QUESTIONS?

Tax rules concerning owner-occupied homes are complex. The combination of different schemes can lead to complicated outcomes, particularly in situations involving moving home, divorce, marriage, or death. For advice specific to your situation, please contact us.

CONTACT

E-mail: info@esj.nl
Phone: +31 (0)88 0 320 600

Disclaimer

Although the utmost care has been taken in compiling this Advisory Handbook, no liability is accepted for any inaccuracies or omissions. Due to the broad and general nature of this Advisory Handbook, it is not intended to provide all information necessary for making financial decisions.