

Netherlands: 2025 Entity Tax Classification Overhaul

- Per 2025, the Dutch limited partnership (CV) and foreign similar entities will classify as tax transparent by default. This will apply to the Dutch CV, and foreign similar LP entities like SCSp, LP and KG.
- The default classification as tax transparent implies that the current “unanimous consent” requirement on LP admissions and transfers (currently relevant to classify as tax transparent) will no longer be a requirement to qualify as tax transparent as of 2025.
- However, an important exception has been announced: Dutch and foreign partnership entities that classify as an ‘investment fund’ for purposes of local securities legislation, will remain non-transparent. An exception applies to funds with one participant, redemption-only liquidity and/or funds performing an active business.
- The final rules are expected in the course of November 2024.
- A deemed disposal rule will apply to Dutch foreign entities switching their Dutch entity classification from non-transparent to taxtransparent, both at entity and investor level. Certain transitional rules and roll-over relief will be available, subject to meeting certain conditions.

