

PSEUDO-FINAL WITHHOLDING TAX 2027: THE IMPACT ON YOUR VEHICLE FLEET

Insight into rules, consequences, and practical steps for employers

As of January 1, 2027, the employer will pay an additional tax. This applies to passenger cars with an internal combustion engine that are also used for private purposes.

*This tax is called the 'pseudo-eindheffing' (pseudo-final levy).

The pseudo-final levy is 12% of the catalog value of the car, including VAT and BPM. The employer pays this tax and is not permitted to pass this cost on to the employee. The employer can choose to remit the levy per tax filing period or at the end of the year. Payment must take place no later than the second payroll tax return of the following year.

WHEN DOES THE PSEUDO-FINAL LEVY APPLY?

- ✓ At the moment the car is made available, not the registration date (date of licensing).
- ✓ If the car is used for private purposes for even a single day in a month, the levy applies to the entire month.
- ✓ *Commuting is considered private use under this regulation.

When does the pseudo-final levy not apply?

- ✓ If the passenger car is a zero-emission vehicle.
- ✓ If it is not a passenger car (such as a delivery van).
- ✓ If the car is not used for private purposes during the period.
- ✓ If the car falls under the transitional arrangement.
- ✓ For entrepreneurs who pay income tax (such as freelancers/ZZZP'ers and sole proprietorships).

PSEUDO-FINAL WITHHOLDING TAX 2027: THE IMPACT ON YOUR VEHICLE FLEET

Insight into rules, consequences, and practical steps for employers

FREQUENTLY ASKED QUESTIONS (FAQ)

TRANSITION PERIOD - HOW DOES THE EXCEPTION UNTIL 2030 WORK?

If the employer provided a vehicle with an internal combustion engine before 2027, an exception applies until January 1, 2031. In this case, the employer will not pay a pseudo-final withholding tax on this vehicle. After this period, the levy will apply to all passenger cars with an internal combustion engine provided by the employer.

EXEMPTION FOR TEMPORARY REPLACEMENT TRANSPORT

Is an electric car temporarily unavailable due to maintenance, repair, damage, or a tire change? In such cases, an employer may provide a combustion engine vehicle as replacement transport for a maximum of 14 consecutive calendar days without being liable for a pseudo-final withholding tax. This exemption applies per situation and can therefore be used multiple times per year as needed.

INTERNATIONAL EMPLOYEES – HOW IS THIS APPLIED?

For employees who pay tax in multiple countries, the pseudo-final withholding tax may be allocated using the same distribution as the salary, based on the relevant tax treaty. This ensures the regulation is better aligned with international employment relationships.

RENTAL CARS - DOES THE TAX ALSO APPLY IN THE CASE OF RENTALS?

An exception has been made for short-term use. Until January 1, 2031, an employer may provide a combustion engine vehicle once per calendar year for a maximum of seven consecutive calendar days without the pseudo-final withholding tax being applicable. This exception is particularly relevant for temporary transport, such as a rental car.

TEMPORARY REPLACEMENT VEHICLE - DOES THE TRANSITIONAL ARRANGEMENT APPLY?

The transitional law of the pseudo-final withholding tax is linked to the employer and the specific vehicle. If a combustion engine vehicle is made available before 2027 first as a temporary replacement car to employee A and later to employee B, the transitional law applies until January 1, 2031.

HOW MUCH IS THE PSEUDO-FINAL WITHHOLDING TAX?

12% of the catalogue value. For example, if the catalogue value is EUR 40,000, the levy is 12% * 40,000 = EUR 4,800 per year or EUR 400 per month. If the catalogue value is EUR 60,000, the levy is EUR 7,200 per year or EUR 600 per month.

PSEUDO-FINAL WITHHOLDING TAX 2027: THE IMPACT ON YOUR VEHICLE FLEET

Insight into rules, consequences, and practical steps for employers

How you can limit the impact of the pseudo-final levy

Do you want to avoid or limit the costs of the pseudo-final levy? If so, it is advisable to take action in a timely manner. You can use the steps below to prepare your mobility policy for this

01

Switch to a BEV-only car policy in time

Transition to a policy in which only fully electric passenger cars are permitted no later than December 31, 2026.

02

Analyze your current fleet

Check if there are internal combustion engine vehicles with a contract end date after December 31, 2030. If this is the case, research appropriate solutions in a timely manner.

03

Do not deploy new internal combustion engine (ICE) cars with long contract terms

If a passenger car with an internal combustion engine is still deployed in 2026, consider an adjusted contract term ending on January 1, 2031. A shorter term may lead to higher monthly lease costs.

04

Consider the strategic use of the existing transitional arrangement

It may be an option to add one or more internal combustion engine cars to the pool before January 1, 2027. As long as these cars remain within the same legal entity (even when the employee changes), the transitional arrangement applies until January 1, 2031.

05

Review temporary replacement cars (holiday cars)

Have you included temporary replacement cars in the car policy? If so, consider discontinuing them. The pseudo-final levy (pseudo-eindheffing) can lead to significantly higher costs for the employer.

Do you have any questions or would you like more information? Please contact your accountmanager.

DISCLAIMER

The information in this document is based on current laws and regulations (as of June 2026). Legislation and implementation guidelines from the government are subject to change. Therefore, no rights can be derived from this information.