13 FOSSIL ADVANTAGES

Overview of fossil advantages
In line with the commitment in the 2024 Budget Memorandum, this annex provides an updated overview regarding fossil advantages in the Netherlands. The overview builds on the one included in annex 23 to the 2025 Budget Memorandum last year. The composition is based on an official analysis, input from stakeholders and analyses by the CPB Netherlands Bureau for Economic Policy Analysis and the PBL Netherlands Environmental Assessment Agency. It is a dynamic overview so that, on the basis of new insights, in future years schemes can be added to or removed from the overview. For the overview, two different approaches are used to understand the extent of fossil advantages in the Netherlands. This approach follows the methodology from the study 'Afschaffing fossiele-energiesubsidies: eerder een hersenkraker dan een no-brainer' [Abolishing fossil fuel subsidies: a brain teaser rather than a no-brainer] by PBL and CPB published in October 2023. For a detailed description of the methodologies, the advantages and disadvantages both approaches, and the underlying considerations, please see annex 23 'Fossil Schemes' in the 2025 Budget Memorandum.

Box 13.1 Summing up of inventory approach and external cost approach to fossil advantages
In the overview of fossil advantages in this annex, the inventory approach lists a budgetary stake for each subsidy scheme (such as tax exemptions, reduced rates in levies, or financial allowances from the government) that gives a specific advantage to a particular group of users of fossil energy carriers. This shows how much expenditure or lost income is associated with the respective schemes. These kinds of schemes are referred to here as 'fossil schemes'.

The budgetary stake for all fossil schemes added up in the inventory approach in **2025** is **29.8 billion** euro. This amount is **1.3 billion higher** than last year's inventory.
The amount increased mainly due to higher consumption of energy carriers such as gas, fuel oil and kerosene compared to last year, increasing the budgetary stakes of the fossil schemes related to these.

The budgetary stake mentioned is a gross amount, which does not include behavioural effects. Thus, if all fossil schemes were abolished, this amount would not actually be raised. To arrive at the net amount, the behavioural effects still need to be subtracted from this amount. Another important note is that this sum does not account for interaction with other pricing policies. It cannot necessarily be concluded, therefore, that it is necessary to get rid of the advantages inventoried because of climate policy, because that is not the case if there are sufficient alternative pricing and standard-setting policies in place in the chains from extraction to use of the fossil energy carriers. This has been mapped out for pricing using the external cost approach.

According to the external cost approach, based on emissions and pricing, the total amount in fossil advantages in **2024** comes to **18.0 billion euro** for emissions associated with the use of fossil energy carriers (including deferred emissions attributed to non-energy use of fossil energy carriers) and **23.2 billion** euro for all greenhouse gas emissions (including emissions not related to the use of fossil energy carriers). An important note is that the total amount according to the external cost method depends heavily on the chosen reference price.

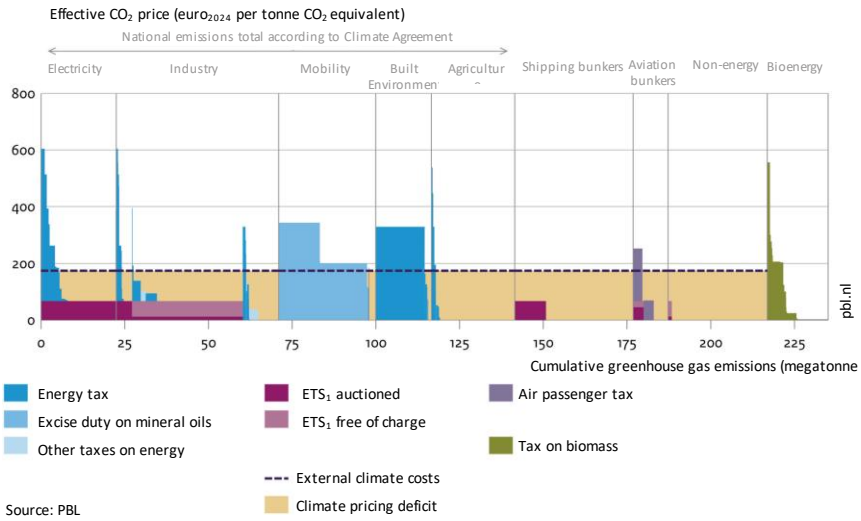
The amount from the external cost approach should not be added to the inventory approach. Nor can it be properly compared with it, as the two

approaches measure different aspects. The schemes mapped out using the inventory approach are also part of the external cost method insofar as they affect the pricing level.

1. External cost approach

The figure below visualises the external cost approach across the various sectors for all greenhouse gas emissions. As insufficient data is available for the current year, like last year, the analysis was made based on data from the previous year. In this annex, this refers to the year 2024. In contrast, the inventory approach looks at current year data for each year, here being 2025. The figure for the external cost approach was prepared by PBL. The horizontal axis shows the total greenhouse gas emissions that form the relevant basis for pricing, based on emissions resulting from the use of fossil fuels and other emissions not related to fossil fuels. The vertical axis shows the level of both the explicit and implicit prices per tonne of CO_2 equivalent. Each block in the figure equates to a specific share of the emissions to which the same CO_2 price applies. The width of the blocks shows which proportion of the emissions is subject to this CO_2 price. The colours show which policy instruments contribute to which share of the total effective CO_2 price. The purple dotted line indicates the used level of external costs as far as the climate is concerned. This applies as a reference price and amounts to 174 euro/tonne CO_2 in 2024). The pricing gap – or 'fossil advantage' – is calculated by calculating the difference between the reference price of external climate costs and the applicable CO_2 pricing for all greenhouse gas emissions in a sector. No netting takes place here for any surpluses in pricing. Surpluses are therefore not deducted from the pricing deficit.

Figure 13.1 External cost method for all greenhouse gas emissions (emissions and pricing in 2024)



The pricing deficit added up is higher than last year, which is partly explained by a lower ETS1 price (85.2 euro/tonne CO_2 in 2023 and 66.5 euro/tonne CO_2 in 2024) and higher external climate costs against which the level of pricing is set this year (162 euro/tonne CO_2 in 2023 and 174 euro/tonne CO_2 in 2024). In every sector, part of the pricing level is lower than the reference price used for pricing external climate costs of 174 euro/tonne CO_2.

Table 13.1 2024 pricing deficit by sector (2024 target year)

Sector	Pricing deficit GHG emissions (in billions)
Electricity	1.8
Industry	5.0

Mobility	0.4
Built Environment	0.2
Agriculture	4.0
Shipping bunkers	5.5
Aviation bunkers	1.1
Non-energy	5.1
Total	**23.2**

The decline in the pricing deficit of bunker fuel use by international aviation and shipping will be reduced this year as large ships (>5,000 gross tonnes) will be covered by the ETS from 1 January 2024. The built environment has a small pricing deficit compared to the other sectors, as many greenhouse gas emissions are taxed here via the high energy tax on natural gas. The pricing deficit in agriculture is mainly caused by methane and nitrous oxide emissions, which make up the bulk of unpriced emissions within this sector. In this overview, the pricing deficit of bioenergy has not been calculated due to its climate-neutral nature.
The PBL report 'Klimaatverandering in de prijzen 2024' [Climate change in prices 2024], published on Budget Day, provides a further explanation of the integral overview of the external cost approach.

Pricing studies in relation to climate goals
The external effects of greenhouse gas emissions can be calculated by looking at what the damage costs (over time) of one tonne of greenhouse gases represents, or by looking at the prevention costs. When calculating the pricing deficit, in Figure 13.1 the external costs of climate are calculated according to the prevention cost method. This method calculates the most expensive measure in a cost-effective package of measures to achieve the agreed climate goal. The prevention costs of climate change thus depend on the cost of sustainability technologies and on the climate goal in question. As a result, prevention costs tend to increase over time, as the CO_2 reduction required increases and more and more expensive technologies have to be used to reduce an additional tonne of CO_2. In CE Delft's Environmental Prices Guide (2023), climate change prevention costs are based on an IPCC study from 2018. This study assumed a 1.5-degree target in 2050, with limited scope for overshoot. Adjusted for price level and discount rate, the prevention costs come to €174 per tonne CO_2 in 2024.

However, this calculated reference CO_2 price is not directly linked to the sectoral price levels needed to achieve the agreed national sectoral targets for 2030. Following the recommendation from the report 'Bouwstenen voor een beter belastingstelsel' (2024) [Building blocks for a better tax system], the 2024-2028 Fiscal Strategic Agenda therefore announced that the analysis of the reference CO_2 price for a number of sectors would be refined and the (marginal) level of pricing needed to achieve the agreed climate goals would be calculated for each sector.

The results of the various pricing studies carried out are explained below. In a general sense, these studies prompt the same conclusion as the analysis performed in Figure 13.1 based on a generic CO_2 reference price: additional pricing (or standard setting) is needed in all sectors to make the necessary reduction measures sufficiently cost-effective and to sufficiently induce citizens, businesses and institutions to move towards sustainability. As such, the pricing of CO_2 has an important role among the instruments of climate policy, as it makes CO_2 emissions more expensive and thereby gives citizens, businesses and institutions an incentive to modify their behaviour or use cleaner technology. Due to its caretaker status, this government leaves it to the next government to make decisions based on these studies.

The pricing studies carried out give a good picture of what additional pricing is

needed for each sector to achieve the agreed climate goals. In a general sense, it can be said that the CO_2 avoidance price of sustainability measures in the built environment is relatively high. This is partly because insulation is relatively expensive and because heat sources such as a heat pump are often deployed at partial load (and are therefore more expensive than when deployed in, say, the ETS2 industry). On the other hand, in the agricultural sector – both greenhouse horticulture and the livestock sector – there is relatively high cost-effective potential. At the same time, caution must be exercised when comparing the exact levels of calculated CO_2 prices by sector. There are four important reasons for this. Firstly, every sector has its own residual emission target. This target follows from the 2023 Climate Agreement and climate decision-making. Industry has a stricter target for 2030 in percentage terms, for example, than the built environment or greenhouse horticulture. Secondly, it matters for the required CO_2 price whether this is a flat CO_2 price or a CO_2 price over a certain baseline (such as the carbon levy for industry). In the latter case, a higher CO_2 price is often needed (but over a smaller base), than if a flat CO_2 price is chosen. Thirdly, the calculation of the effects differs in the underlying assumptions: for example, the study on pricing in ETS2 and the services sector only looked at the abatement cost curve, while other studies enriched the abatement cost curve with additional modelling analyses, taking into account, for example, businesses' investment rhythms as well as a certain switching threshold. This leads to higher CO_2 prices because citizens, businesses and institutions do not always immediately take a reduction measure as soon as it has become financially viable. Fourthly, the extent to which pricing is combined with other normative and/or subsidy policies is relevant. For example, in the built environment, significantly lower pricing is needed when standard setting is also used. And in industry and greenhouse horticulture, for example, the SDE++ subsidy has a big impact.

Built environment
The study, conducted by CE Delft (2025)[1] examines which normative and pricing policy instruments are needed to meet the residual emission target of 9.7 megatonnes of CO_2 (housing part of the built environment) by 2030. In 2030, emissions from residential natural gas consumption will be priced via the energy tax and ETS2. The total CO_2 price is 389 euro/tonne CO_2 in 2030. Based on the technical lifetime (15 years), sufficient sustainability measures in a sufficient number of homes are, in theory, cost-effective to meet the 2030 residual emission target. With a shorter payback period of 10 years, this is not yet the case. In addition, it is not only cost-effectiveness considerations that play a role for households in deciding whether or not to implement sustainability measures: CE Delft has assumed that 15% of the cost-effective measures will actually be taken by 2030. Therefore, to ensure that sufficient sustainability measures are taken to meet the 2030 residual emission target, additional pricing and/or standard setting is needed. Pricing and subsidies can be used here to make sustainability measures (more) financially cost-effective, while standard setting provides a 'big stick' so that households and building owners actually apply the measures. CE Delft calculated the effects of various packages for this in the study: if the target is met solely by additional pricing via a higher energy tax on natural gas, an additional CO_2 price of 492 euro/tonne CO_2 would be needed, converted. This would bring the total CO_2 price to around 880 euro/tonne CO_2. If additional pricing is combined with standard setting (compulsory insulation up to the standard for owner-occupied homes at transaction moments, compulsory phase-out of energy labels E, F and G for rental homes and standard setting for heating systems at the moment of replacement) and with subsidisation (0% interest financing via the Warmtefonds [Heating Fund] for lower incomes and additional funds from the National Insulation Programme), an additional CO_2 price of around 55 euro/tonne CO_2 is needed. The CO_2 price required is much

[1] CE Delft (2025), 'Mogelijkheden voor behalen emissiedoel woningen: Verkenning effecten van beleidspakketten'.

lower because in this scenario pricing is combined with standard setting.

ETS2 industry and services sector
The research firm Kalavasta conducted research[2] on the required level of pricing in the ETS2 industry (small and medium-sized industrial companies) and the services sector. For these sectors, an indicative residual emission target has been adopted of 1.8 megatonnes CO_2 for the ETS2 industry and 3.0 megatonnes CO_2 for the services sector by 2030. Kalavasta's study shows that if all the cost-effective emission reduction potential is realised, the ETS2 industry can achieve the indicative residual emission target of 1.8 megatonnes CO_2 by 2030 with current policies. No additional carbon levy is needed to make additional emission reduction potential cost effective. Without pricing and subsidies, the CO_2 avoidance price for technologies needed for the indicative residual emission target of 2030 is around 200 euro/tonne CO_2. This unprofitable component is fully covered by the energy tax on natural gas and ETS2. Relevant here is that energy tax rates on gas (in brackets 3 and 4) increase sharply between 2023 and 2030; without this increase, pricing would be too low to make sufficient reduction measures cost effective. To fully reduce the remaining emissions after 2030, more expensive technologies are expected to have to be deployed. An increase in the CO_2 price after 2030 to 550 euro/tonne CO_2 is needed to make these technologies fully cost-effective with pricing alone. Of these technologies, green hydrogen in particular has high inevitable losses: without green hydrogen, the required increase in the CO_2 price after 2030 is around 350 euro/tonne CO_2 in the ETS2 industry. Kalavasta's research shows that the CO_2 avoidance price in the services sector (built environment) is significantly higher than in the ETS2 industry. Much of the emissions in the services sector come from heating buildings, but swimming pools, for example, are also included in this sector. The higher CO_2 avoidance price required is partly because, for example, heat pumps in industry run at full load (and therefore more efficiently) more often than when deployed in homes. In addition, making buildings more sustainable requires additional insulation, which entails a large unprofitable component. Without pricing and subsidies, the CO_2 avoidance price required to achieve the 2030 indicative residual emission target is around 550 euro/tonne CO_2. Including the existing energy tax on natural gas, ETS2 and existing subsidies, the pricing gap decreases significantly and an additional CO_2 price of around 100 euro/tonne CO_2 is needed compared to the base path. As climate neutrality approaches, more and more expensive technologies (especially insulation) are needed. If the unprofitable component were to be fully covered by pricing, an increase in the CO_2 price by more than 1,000 euro/tonne CO_2 would be required.

ETS1 industry
In 2024 PBL Netherlands Environmental Assessment Agency conducted research[3] into the rate of the carbon levy for industry required in order to achieve the residual emission target of 29.7 megatonnes by 2030 (this does not include tightening the reduction target for waste incinerators by 1 megatonne). This concerns the marginal CO_2 price: no carbon levy is required to be paid on the emissions below the residual emission target. To make sufficient reduction measures (for the 2030 residual emission target) cost effective, an increase in the CO_2 price from 150 euro/tonne CO_2 to around 265 euro/tonne CO_2 by 2030 is theoretically needed. These calculations take into account subsidies, such as SDE++, but do not include tailor-made subsidies. An important note to this calculation is that the preconditions must be in place to make investments in sustainability measures possible in practice.

Livestock sector and arable farming

[2] Kalavasta (2025), 'Additionele CO2-beprijzing ETS2-industrie en dienstensector: Voor het behalen van de klimaatdoelen'.
[3] PBL (2024) – 'Analyse tarief CO2-heffing industrie - tariefstudie 2024'

Kalavasta (2025)[4] investigated the feasibility and effects of a greenhouse gas emission levy, i.e. an emission allowances system with tradable allowances, for the livestock and arable farming sectors. This study assumed an indicative residual emission target of 13.6 megatonnes in 2030 and 12.5 megatonnes in 2035. Due to the required implementation period for a pricing system, this is likely to lead to additional CO_2 reductions especially after 2030. Especially in dairy farming and pig farming, pricing can contribute greatly to the targets towards 2035 and 2040. This does not apply to arable farming, where, because of the low emission intensity, pricing only leads to increased sustainability at extremely high prices. On average, a levy rate of 49 euro/CO_2 is needed to achieve the indicative residual emission target for 2035. This would be a flat tax, applied over all of a business's emissions. If an exempted baseline is used – where a levy only has to be paid on the part of the emissions above the reduction target – much higher pricing is needed, at 264 euro/tonne CO_2. This is because the pricing then applies to a much smaller base. A levy with an exempted baseline or backstop (in the case of a flat tax) has the advantage that fewer businesses are forced to stop and in the calculation more businesses opt for a transition path with emission-reducing measures. An emission allowance system with the issuing of allowances based on historical emissions also contains these elements. The results provide valuable insights for developing a possible (pricing) instrument in these sectors and can be used in the trajectory of accountable company-based emission standards.
However, the actual introduction of a pricing system will require additional steps, including implementation. Moreover, Kalavasta's researchers indicate that the introduction of carbon pricing in these sectors requires further considerations, including broader economic, social and political aspects.

Greenhouse horticulture
Research firms Kalavasta and Berenschot have conducted research into the level of pricing needed in the greenhouse horticulture sector to sufficiently secure the agreed residual emission target of 4.3 megatonnes by 2030. The CO_2 emissions from greenhouse horticulture are priced in the base path via the energy tax on natural gas and a separate carbon levy. Much of growers' natural gas consumption is currently exempt within the energy tax, as many growers have combined heat and power (CHP) installations and, with respect to the energy tax, can avail of an input exemption for use of natural gas in electricity generation. This exemption will be reduced incrementally between now and 2030. At the same time, the reduced energy tax rate for greenhouse horticulture will be increased in stages and a separate carbon levy for greenhouse horticulture has been introduced from 2025. On balance, the average CO_2 price in 2030 comes to around 86 euro/tonne CO_2 (of which 68 euro/tonne CO_2 via the energy tax and 17.7 euro/tonne CO_2 via the separate carbon levy). This is an average with large differences between growers. For example, a grower with only a gas boiler pays a higher CO_2 price.

Nevertheless, the average CO_2 price in the greenhouse horticulture sector is on average significantly lower than in other sectors, such as the ETS2 industry, the services sector or residential. To make sufficient sustainability measures cost-effective for the residual emission target of 4.3 megatonnes by 2030, an increase in the CO_2 price to around 121 euro/tonne CO_2 is needed. This is an increase in the CO_2 price of about 35 euro/tonne CO_2. This calculation assumes that growers can use the SDE++. This has a major impact on the CO_2 price required. If growers can no longer use the SDE++ in future years, the required CO_2 price would rise to around 243 euro/tonne CO_2.

2. Inventory approach
Following the same methodology as in the previous publications of the Budget Memorandum, the government carried out a broad inventory of the schemes

[4] Kalavasta (2025), 'Broeikasgasemissiebeprijzing in de veehouderij en akkerbouw: Verkenningen naar de voorwaarden en effecten van een emissieheffing en emissierechtenstelsel'.

that qualify as fossil schemes according to the inventory approach. The overview of fossil schemes is split into three tables:

1. Table 1: fiscal fossil fuel schemes (expenditure side).
2. Table 2: other fiscal schemes relating to non-energy and indirect (expenditure side).
3. Table 3: non-fiscal schemes with a direct relationship to fossil energy consumption (expenditure side).

The tables include brief explanations for each scheme, including 1) a brief description of the measure, 2) any legal concerns and 3) other relevant pricing policy. For a number of schemes, the advantage shown is not entirely 'fossil' and is therefore an overestimate, as part of the advantage also goes to non-fossil energy carriers. Where it is difficult to determine what part of energy consumption is fossil, the calculations assume that all energy consumption is fossil. This is the case, for example, with the tax rebate in the energy tax. For this reason, the budgetary stake calculated is higher than what is actually attributable to fossil energy.

Text box 13.2 provides an overview of policy changes with respect to the overview in the 2025 Budget Memorandum (2024) and future policy changes with respect to the overview below.

Box 13.2 Fossil schemes policy changes

First, the table below shows the impact of policy changes on the size of schemes. A distinction has been made here between policy that has already entered into force and policy that has been announced but has yet to enter into force (fully or in part). This concerns, for example, future changes that were already included in the 2024 Tax Plan, such as abolishing the reduced rate in the energy tax for greenhouse horticulture (with a phase-out path from 2025 to 2035) and limiting the input exemption for electricity generation in the energy tax (with a phase-in path from 2025 to 2030). In order to make a proper comparison with the 2024 overview, the calculation keeps the base (such as energy consumption) and price level the same as for 2025. Secondly, what policy changes have been announced with respect to the time of publication of the overview in the 2025 Budget Memorandum is also indicated. These changes include the abolition of the coal tax for dual and non-energy use, which is included in the 2025 Tax Plan, and the increase in the tax credit proposed in the 2026 Tax Plan. Finally, the policy changes that came into force last year with respect to the overview in the 2025 Budget Memorandum are shown. These concern rate changes or the phase-out of schemes that took place last year. Schemes that could serve as examples are the changes in energy tax rates and the abolition of the exemption from private motor vehicle and motorcycle tax (BPM) for delivery van operators from 2025. All the changes shown in the table below have already been incorporated into the updated overviews (Overview I, II and III).

Table 13.2 Proposed policy changes for fossil advantages (basis based on year 2025 and rates based on final situation)

Scheme	Budgetary stake (see also Overview I, II and III)	Explanatory notes
Policy changes regarding expansion and phase-out of fossil schemes that will come into effect in the future		
Scrapping the reduced rate in the energy tax for greenhouse horticulture with a phase-out path up to 2035	- 114	Included in 2024 Tax Plan
Limit input exemption for electricity generation in the energy tax with a phase-in path up to 2030	- 158	Included in 2024 Tax Plan
The quarter rate for camper vans in the motor	- 133	Included in

Scheme	Budgetary stake (see also Overview I, II and III)	Explanatory notes
vehicle tax (MRB) will be cut back to a half-rate from 2026.		2024 Tax Plan
The quarter rate for horse transport in the MRB system will expire from 2026 onwards.	- 2	Included in 2024 Tax Plan
The MRB exemption for classic cars will be cut back from 2028 onwards to an exemption for cars with a year of manufacture up to 1988.	- 145	Included in 2024 Tax Plan
The refund for money transport in the private motor vehicle and motorcycle tax (BPM) will be scrapped from 2026 onwards.	0	Included in 2024 Tax Plan
The zero rate in the motor vehicle tax (MRB) for public transport buses fuelled by liquefied petroleum gas (LPG) or natural gas will be scrapped from 2030 onwards.	0	Included in 2024 Tax Plan
The reduced fuel surcharge in the motor vehicle tax (MRB) on passenger cars and delivery vans on CNG, LNG or LPG will end in 2026.	-	Included in 2024 Tax Plan
Degressivity of energy tax on natural gas. Policy changes until 2030	- 90	Included in 2023 Tax Plan + 2024 Outline Agreement
Degressivity of energy tax on electricity. Policy changes until 2030	- 886	Included in 2023 Tax Plan + 2024 Outline Agreement
Scrapping of coal tax for dual and non-energy use by 1 January 2027.	- 79	Included in 2025 Tax Plan
The scrapping of the reduction of the fuel surcharge in the motor vehicle tax (MRB) on passenger cars and delivery vans on CNG, LNG or LPG will be reversed.	-	Included in 2025 Tax Plan
Reduced rate in the motor vehicle tax (MRB) for mobile shops will expire from 2026	0	Included in 2025 Tax Plan
Budget has been freed up for the subsidy scheme for indirect cost compensation (ICC) in the ETS until 2028	- 167.4	Included in 2025 Spring Memorandum
Structural increase in tax reduction in energy tax compared to the baseline by 2026 (excl. VAT)	85	Proposed in 2026 Tax Plan
Quarter rate for equipment or workshop is being scrapped from 2028	0	Proposed in 2026 Tax Plan
Quarter rate for funfair and circus vehicles is being scrapped from 2028	0	Proposed in 2026 Tax Plan
Refund for commercial vehicle fleet trucks expires as of 2026	0	Proposed in 2026 Tax Plan
TOTAL	**- 1,774**	
Policy changes regarding expansion and phase-out of fossil schemes that have come into effect since MJN2025 (- means phase-out)		
Degressivity of energy tax on natural gas, rate adjustments as of 1 January 2025	- 322	Included in 2023 Tax Plan + 2024 Outline Agreement
Degressivity of energy tax on electricity, rate adjustments as of 1 January 2025	- 180	Included in 2023 Tax Plan + 2024 Outline Agreement
Increase in the reduced rate in the energy tax for greenhouse horticulture, first step of phase-out path in 2025	- 8	Included in 2024 Tax Plan
Limitation of input exemption for electricity generation in the energy tax, first step of phase-in path in 2025	- 151	Included in 2024 Tax Plan
Scrapping of the exemption from private motor vehicle and motorcycle tax (BPM) for delivery vans for entrepreneurs	- 1,089	Included in 2023 Tax Plan

Scheme	Budgetary stake (see also Overview I, II and III)	Explanatory notes
TOTAL	**- 1,750**	

Table 13.3 Overview I - fiscal fossil fuel schemes

Definition: Foregone government revenue (e.g. tax refunds or exemptions) related to the (direct or indirect) use of fossil and other energy.

** For schemes marked with an *, a decision on the phase-out path has already been made (see explanatory notes for more information)*[1]

Measure	Budgetary size per year in millions of euro (2025)	National adjustment legally possible?	Other relevant pricing policy
	Benchmark: regular rate (unless specified otherwise)		
Energy tax			
Reduced energy tax rate for greenhouse horticulture*	114	Yes	Carbon levy for greenhouse horticulture (from 2025) and ETS2 from 2027.
Energy tax exemptions for natural gas use for metallurgical and mineralogical processes	163	Yes	ETS1, carbon levy for industry* and minimum CO_2 price*
Exemption from energy tax for electricity used for chemical reduction and electrolytic and metallurgical processes	10	Yes	ETS1 and minimum CO_2 price*
Input exemption for natural gas electricity generation*	876	Yes The input exemption is laid down in the ETD, but can be adjusted by the Netherlands at the national level based on environmental policy considerations.	Differs per tax payer: partly ETS1 and partly ETS2 (from 2027)
Tax reduction in energy tax (fixed amount per electricity connection)	4,797	Yes	ETS2 (from 2027)
Degressive rate structure energy tax on natural gas	2,919	Yes, on condition that rates are at least equal to the minimum tax rates from the ETD	ETS1, carbon levy for industry*, ETS2 (from 2027)
Degressive rate structure for energy tax on electricity	2,529, with deduction for share of renewable energy of 52% (percentage is extrapolation from CBS data)	Yes, on condition that rates are at least equal to the minimum tax rates from the ETD	ETS1, carbon levy for industry*, ETS2 (from 2027)
Refund scheme for energy tax for institutions	30	Yes No, Article 21(3) of the ETD:	ETS2 from 2027
Exemption (Section 51) and zero rate (Section 59) for energy products generated at the own facility and reused at that facility	88	The use of energy products within a company that produces energy products is not seen as a chargeable event on which tax is payable if that use consists of energy products produced within the company.	Scope 1 emissions are subject to ETS1 and carbon levy
Refund scheme on	0	No, in accordance with Article	ETS2 from 2027

Definition: Foregone government revenue (e.g. tax refunds or exemptions) related to the (direct or indirect) use of fossil and other energy.

** For schemes marked with an *, a decision on the phase-out path has already been made (see explanatory notes for more information)*[1]

Measure	**Budgetary size per year in millions of euro (2025)** *Benchmark: regular rate (unless specified otherwise)*	**National adjustment legally possible?**	**Other relevant pricing policy**
energy tax for use of natural gas as a fuel for vessels on community waters (including fishery, excluding private recreational craft)		14(1)(c) of Directive 2003/96/EC (Energy Taxation Directive, ETD), operators of commercial vessels that use natural gas as a fuel for sailing on community waters are eligible for an energy tax refund. This refund applies to natural gas used as fuel for vessels, including fishing, and does not apply to private recreational craft.	
Coal tax			
Exemptions in coal tax for dual and non-energy use*	79	Yes	Scope 1 emissions are subject to ETS1 and the carbon levy for industry*
Exemption for use of coal for electricity generation	37	Yes The input exemption is laid down in the ETD, but can be adjusted by the Netherlands at the national level based on environmental policy considerations.	ETS1 and the minimum CO_2 price* Also interferes with legal ban on use of coal in power generation by 2030.
Excise duties			
Refinery exemption	296	Partly: the exemption for mineral oils purchased externally and subsequently directly employed as an energy source in the process can be scrapped at the national level. The exemption for mineral oils produced at the refinery itself and used as an energy source is compulsory according to the ETD.	Scope 1 emissions are subject to ETS1 and the carbon levy for industry*
Lower excise duty rate for diesel than for petrol	1,657	Yes	BPM/MRB diesel surcharges ETS2 (from 2027)
Lower excise duty for LPG than for petrol	271	Yes	ETS2 (from 2027)
Exemption for use of kerosene in aviation	2,845	Partly: use of kerosene in international aviation is compulsorily exempt in the ETD. In addition, the re-export or export under the excise duty are not chargeable events, so that kerosene for flights outside the EU can also not be taxed. The kerosene exemption for domestic flights can however be abolished nationally. Previous abolition was reversed due to very limited revenues and high implementation costs, among other reasons	Air passenger tax: per departing passenger from a Dutch airport. From 2027, air passenger tax will be differentiated based on distance ETS1: Domestic and international flights between European airports CORSIA: international aviation
Exemption for use of fuel	5,952	No, energy products used in	ETS1

Definition: Foregone government revenue (e.g. tax refunds or exemptions) related to the (direct or indirect) use of fossil and other energy.

** For schemes marked with an *, a decision on the phase-out path has already been made (see explanatory notes for more information)*[1]

Measure	Budgetary size per year in millions of euro (2025) *Benchmark: regular rate (unless specified otherwise)*	National adjustment legally possible?	Other relevant pricing policy
oil (in particular maritime shipping)		commercial maritime shipping are compulsorily exempt from excise duty in the ETD. In addition, the re-export or export under the excise duty are not chargeable events, so that fuel oil for shipping to outside the EU can also not be taxed.	
Exemption for use of diesel/petrol (in particular inland shipping and equipment on ships/barges)	1,260	Yes, the levy ban on excise duty on energy products used for inland shipping is in the gas oil protocol. The Netherlands could unilaterally terminate that gas oil protocol (possibly in violation of the Revised Convention for Navigation on the Rhine[2]). Diesel used in maritime shipping is compulsorily exempted under the ETD and cannot be abolished at the national level.	ETS2 from 2027
VAT*			
VAT exemption on kerosene	9	No, there is a compulsory VAT zero rate in the European VAT Directive.	Air passenger tax

* This table shows only the budgetary stake for each individual scheme. The knock-on effect of VAT on the other tax bases is a second-order behavioural effect and is not included here. For example, a lower VAT revenue on energy due to the degressive rate structure of energy tax is therefore not included in the overview.

1 *See also the Letter to Parliament from 2020: https://open.overheid.nl/documenten/ronl-8b0cd449-d691-47f6-9600-a60e70f16b22/pdf*
2 wetten.nl - Regeling - Herziene Rijnvaartakte - BWBV0003363

Explanatory notes to overview table 1

Reduced energy tax rate for greenhouse horticulture

For the use of natural gas in greenhouse horticulture, subject to conditions, a reduced rate applies in the first, second and third tax brackets. These reduced rates were introduced to maintain a balance between the tax burden on energy in greenhouse horticulture and the tax burden on energy in energy-intensive industries. There are numerous small energy-intensive businesses in greenhouse horticulture, so as a consequence of the degressive system, a relatively high rate is paid for energy tax. The European Commission has judged the reduced rates for greenhouse horticulture as permitted state aid. The European Commission has issued a favourable decision on state aid through to 2024. The Fiscal Climate Measures (Greenhouse Horticulture) Act in the 2024 Tax Plan stipulates that the reduced rate will be entirely phased out incrementally between 2025 and 2035.

Energy tax exemptions for natural gas for metallurgical and mineralogical processes and for electricity used for chemical reduction and electrolytic and metallurgical processes

For natural gas for mineralogical and metallurgical processes and electricity

for metallurgical processes, there are exemptions from energy tax. These processes include heating ovens for ceramic processes or melting steel. This use is beyond the scope of the EU Energy Taxation Directive, so that it is at the discretion of European Member States to determine their own fiscal treatment. The majority of European Member States opt to exempt this use.

Input exemption for natural gas used for electricity generation
Natural gas used in an installation for generating electricity was exempt from energy tax for 2025, on condition that the efficiency of conversion to electricity of the installation is greater than 30%. The idea behind this exemption is to prevent tax being levied both on natural gas and electricity generated using that natural gas and delivered via the grid – in other words, avoiding double taxation in the chain. Natural gas consumption for conversion into heat output is therefore also not taxed, even though this is not taxed further on in the chain. The 2024 Tax Plan stipulates, in the Fiscal Climate Measures (Greenhouse Horticulture) Act, that the amount of the input exemption depends on the electricity generated by the installation. This means that the input exemption will be curtailed incrementally between 2025-2030.

Tax reduction in energy tax
The energy tax provides for a tax reduction for each electricity connection at a Real Estate Tax Act (WOZ) property with a residential function. All households and the lion's share of businesses with an electricity connection receive this tax reduction. At present, the energy mix in the Netherlands is still mainly of fossil origin. As the energy mix becomes less based on fossil energy carriers, the size of the fossil advantage within the tax reduction will fall. Since it is not possible to precisely trace the proportion of energy use that is of fossil origin for parties that have qualified for the tax reduction, the budgetary stake of the entire tax reduction has been included in the table. So in reality, this is not a fossil advantage in its entirety.

Degressive rate structure for energy tax on natural gas and electricity
A degressive rate structure is applied in the energy tax. The degressive structure is used in view of the competitive position of larger gas and electricity customers vis-à-vis their foreign competitors. Due to the relatively high energy tax rates on the first part of consumption, the energy tax provides an energy-saving incentive for the built environment in particular. The tax reduction simultaneously reduces the amount of total energy tax on energy bills, especially for households.

Energy tax refund scheme for religious and non-profit institutions
The energy tax refund scheme for the natural gas and electricity use of religious and non-profit institutions applies to use in a real estate property intended for public worship or reflection meetings of an ideological nature or used by an organisation focused on the public good. Exceptions are institutions primarily active in the field of sport, healthcare or education. In other words, it primarily concerns buildings of a religious nature and non-profit institutions. These are entitled to a refund of half of the energy tax paid by them.

Exemption in the energy tax for energy products generated at the own facility and reused at that facility
Refineries are subject to an exception for the energy products produced at the production site itself (Section 51 of the Environmental Taxes Act). In addition to this specific exemption, more generally (i.e. not only for refineries) a zero rate applies for residual gases generated and used at the own facility (Section 59 of the Environmental Taxes Act). These could be, for example, residual gases from a production process that are used for underfiring. In effect, this provides an automatic exemption for this use. These compulsory exemptions are subject to the EU Energy Taxation Directive and can therefore not be independently ended by the Netherlands.

Energy tax refund scheme for use of natural gas as a fuel for vessels on community waters (including fishery, excluding private recreational craft)
In accordance with the EU Energy Taxation Directive, operators of commercial vessels that use natural gas as a fuel for sailing on community waters are eligible for an energy tax refund. This refund applies to natural gas used as fuel for vessels, including fishing vessels, and does not apply to private recreational craft.

Exemptions in coal tax for dual use and non-energy use of coal
Dual and non-energy use of coal are exempted from coal tax. The EU Energy Taxation Directive provides for this possibility. The vast majority of exempted coal use relates to the coke, iron and steel industry. Exemptions also apply to foreign competitors. Emissions from these sectors are priced at the European level under the EU ETS. The 2025 Tax Plan scraps the exemptions in coal tax for dual use and non-energy use of coal from 1 January 2027 onwards.

Exemption for use of coal for electricity generation
The use of coal for electricity generation is exempted from coal tax. Phase-out of coal use for electricity generation as of 2030 is guaranteed by the Coal-Fired Power Generation (Prohibition) Act.

Refinery exemption in excise duty
Excise duty is payable when the excise good is released for use. In principle, this happens when the goods leave the bonded warehouse. At a bonded warehouse, excise goods can be produced or processed with the excise duty suspended. For example, when petrol is delivered at a petrol station, the goods are released for use and the supplier is required to pay the excise duty. Excise duty is only payable on mineral oils used as engine fuel or heating fuel ('energy use' of excise goods, for example the use of petrol in cars). Non-energy use of mineral oils, for example use as a raw material, is not subject to excise duty. Crude oil is not used as engine fuel or heating fuel but is first processed at a refinery into usable products. As a consequence, crude oil is beyond the scope of the excise duty.

If mineral oils are used as a fuel for the production/processing of mineral oils, the Excise Duty Act lays down an exemption (Section 2(9)). This includes mineral oils used in refineries for heating the necessary installations.

The exemption under Section 2(9) breaks down into two parts:
1. Mineral oils purchased externally and subsequently directly used for the production of energy in the refinery process, for example for underfiring. This part of the exemption is optional under the ETD and can therefore be independently scrapped by the Netherlands. The budgetary revenue is expected to be zero, because refineries virtually never purchase mineral oils externally which are then used directly for energy production.
2. The mineral oils produced within the refinery that instead of being supplied to an external party are used for the production of energy in the refinery. This part is compulsorily exempt under the EU Energy Taxation Directive (ETD) and therefore cannot be independently scrapped by the Netherlands.

Excise duty – Lower excise duty rate for diesel than for petrol
The Excise Duty Act specifies a lower excise duty rate per 1,000 litres of diesel than for petrol. The lower fuel excise duty on diesel has its origins in the international character of commercial (goods) transport, that mainly runs on diesel. The aim of the fuel surcharges in the car taxes (in the BPM purchase tax and MRB) is to reduce the discrepancy in the fiscal burden on car driving with respect to passenger cars and motorcycles that use diesel on the one hand and those that use petrol on the other.

Excise duty – Lower excise duty for LPG than for petrol

The Excise Duty Act specifies a lower excise duty rate per 1,000 litres of LPG than for petrol. Compared with diesel, LPG offers an advantage in the emission of NOX. Compared with petrol, LPG offers a CO_2 advantage.

Exemption for commercial use of fuels in international aviation
Kerosene supplied for use as fuel in commercial aviation is compulsorily exempted from excise duty under the ETD. Recreational flying is an exception and not exempted under this Directive.

Member States are free to tax kerosene used for domestic commercial flights. Excise duty on aircraft fuels for flights between Member States within the EU is also possible under the ETD, if the EU Member States in question enter into bilateral agreements on this issue. When the air passenger tax was introduced, the government indicated that at the time it was not in favour of a patchwork of bilateral agreements within the EU. Such an approach would detract from the concept of a single internal market, creates uncertainty about the rules that are applicable between Member States and could disrupt the competitive position of Dutch airlines. For that reason, at the time the government opted to introduce an air passenger tax.

If the compulsory exemption from the ETD is scrapped, this will have no effect on international aviation because the use of kerosene for flights to destinations outside the EU will be a case of re-export or export under the Union Customs Code. Re-export or export are not chargeable events, so that the kerosene can still not be taxed. After all, this concerns the use of kerosene outside the EU. The same applies to private recreational flying. Here too, for flights leaving the EU this is a case of re-export or export.

In addition to the ETD, there are aviation treaties that, for example, prevent the taxation of kerosene. The Chicago Convention on International Civil Aviation specifies, for example, that – among other things – kerosene found on board an aircraft from a Convention Signatory State upon arrival in the territory of another Convention Signatory State and which is still on board upon departure from the territory of that State is exempt from customs duty, inspection costs or similar national or local duties and costs (such as excise duty).

This same exemption is generally also laid down in aviation agreements in which landing rights are agreed with third countries. For example, this also applies pursuant to the air transport agreement between the EU and its Member States and the US (the EU-US Open Skies aviation agreement), for both extra-EU and intra-EU flights. It is nevertheless laid down in bilateral and EU aviation treaties that the levying of excise duty on flights within European territory must be possible in the future.

Exemption from excise duty on the commercial use of fuels in maritime shipping
Fuel supplied for use in commercial shipping on community waters is compulsorily exempted from excise duty under the ETD. This does not apply to recreational craft; the use of fuel by these craft is not exempted under this Directive.

If the compulsory exemption from the ETD is scrapped, this will be without prejudice to the fact that the use of fuel for journeys to outside the EU in which you travel to open sea will be a case of re-export or export on the basis of the Union Customs Code. Re-export or export are not chargeable events, so that this fuel can also not be taxed. After all, this concerns the use of fuel outside the EU. The same applies to recreational craft. Here too, for vessels leaving the EU this represents re-export or export.

Exemption from excise duty of the commercial use of gas oil (diesel) in inland shipping
Fuel used for commercial shipping on inland waters is exempted from excise duty under the Excise Duty Act. This is a choice that Member States are permitted to make on the basis of the ETD. On the basis of this same Directive, recreational craft must still be taxed, though. The exempted fuel is dyed and for this reason is also known as red diesel. The Mannheim Treaty of 1868 contains a prohibition on levying duties based exclusively on the performance of shipping operations. The 1952 Gas Oil Protocol contains a specific scheme for exemption from customs duty and tax on gas oil that is used as on-board supply, as a means of bridging the differences of opinion about the regime that follows from the Treaty itself. The 1952 Gas Oil Protocol contains a termination clause, meaning that the Netherlands itself can decide to terminate this part and levy excise duty on fuel for inland shipping. However, if a decision were made to do so, it would apply to both fossil fuels and renewable fuels.

This would make the Netherlands the first member state of the Mannheim Treaty to levy excise duty on fuel for inland shipping. In the Central Commission for Navigation of the Rhine (CCNR), the Netherlands has proposed to work together towards jointly lifting the levy ban circa 2030. In this context, a political-administrative agreement was made by the members that if this aim is pursued, all participants must unanimously agree in case of a termination or modification of the Gas Oil Protocol.

VAT exemption on kerosene
The supply of kerosene for aircraft mainly deployed for international passenger transport is taxed at the VAT zero rate (Table II, item a-3, part e to the 1968 Turnover Tax Act). This zero rate is compulsory under the VAT Directive (Article 148(e) of the VAT Directive). It is therefore not possible to levy VAT on the supply of kerosene for these aircraft. Even if the levying of VAT on kerosene were possible, this would not lead to more expensive air tickets.

Just like every other entrepreneur, airlines are entitled to deduct the VAT charged. Any VAT that could be charged on the purchase of kerosene could therefore also be deducted. This does not apply to exempt sectors such as the public sector. VAT on kerosene used by, for example, defence, the police or healthcare cannot be deducted by these parties, because they do not supply VAT-taxed services. VAT would then continue to exert pressure on these exempt sectors.

Table 13.4 Overview II – other fiscal schemes relating to non-energy and indirect use of fossil fuels

Definition: Foregone government revenue (e.g. tax refunds, exemptions, out-of-scope regular taxation, etc.) related to the non-energy use or indirect use of fossil fuels.

** For schemes marked with an *, a decision on the phase-out path has already been made (see explanatory notes for more information)*

Measure	**Budgetary size per year (2025) in millions of euros** *Benchmark: regular rate (unless specified otherwise)*	**National adjustment legally possible?**	**Other relevant pricing policy for scheme**
Exemption for non-energy use of natural gas	144	Yes	Scope 1 emissions and part of the Scope 3 emissions are subject to ETS1 and the carbon levy for industry*. Other natural gas consumption is not priced.
Exemption for non-energy	585	No, it is a	Scope 1 emissions are

Definition: Foregone government revenue (e.g. tax refunds, exemptions, out-of-scope regular taxation, etc.) related to the non-energy use or indirect use of fossil fuels.

** For schemes marked with an *, a decision on the phase-out path has already been made (see explanatory notes for more information)*

consumption of LPG in steam crackers (part of the general exemption under Section 65 of the Excise Duty Act)		compulsory exemption under Article 2 (4)(b) of Directive 2003/96/EC.	subject to ETS1 and the carbon levy for industry*.
VAT exemption for international passenger transport (ships and aircraft)	114	In part: Under the European VAT Directive, the transport of persons is taxable where that transport actually takes place. The exemption for the part of travel that takes place on Dutch territory can therefore be scrapped, but not for the rest of the journey.	Aviation: national air passenger tax and ETS1 Shipping: ETS1 (from 2024)
Reduced MRB rate for delivery vans for entrepreneurs	1,251	Yes	Fuel excise duties, ETS2 (from 2027)
Other schemes for various groups in the MRB: Wheelchair installation weight correction Fuel surcharge is zero or reduced for LNG, CNG and LPG G3 Quarter rate for camper vans* Half rate for camper van (commercial rental) Reduced rate for mobile shop* Zero rate for public transport buses fuelled by LPG or natural gas* Quarter rate for funfair and circus vehicles* Quarter rate for equipment or workshop* Quarter rate for horse transport* Refund for commercial vehicle fleet trucks* Exemption for ambulance Exemption for hearses Exemption for animal ambulances Exemption for defence and police motor vehicles Exemption for fire service Exemption for cleaning services Exemption for road construction	619	Yes	Fuel excise duties, ETS2 (from 2027)

Definition: Foregone government revenue (e.g. tax refunds, exemptions, out-of-scope regular taxation, etc.) related to the non-energy use or indirect use of fossil fuels. ** For schemes marked with an *, a decision on the phase-out path has already been made (see explanatory notes for more information)*			
Exemption for use of public highway over short distances			
Exemption for taxis or public transport Reduced rate for vans for disabled transport			
Exemption for motor vehicles older than 40 years (exemption for classic cars)*			
Transitional regime for vehicles with a year of manufacture from 1988 onwards			
Other schemes in the BPM:	15	Yes	Fuel excise duties, ETS2 (from 2027)
Refund for police vehicles			
Refund for fire service			
Refund for disabled vehicles			
Refund for ambulances			
Refund for hearses			
Refund for prisoner transport			
Refund for group wheelchair transport			
Refund for animal ambulances			
Refund for money transport*			
Refund for vans for disabled transport			

Explanatory notes to overview table 2

Exemption from energy tax for non-energy use of natural gas

Energy tax contains an exemption for the non-energy use of natural gas. This for example relates to the production of (grey) hydrogen from natural gas. Hydrogen is then primarily used for industrial processes such as the production of artificial fertiliser. This exemption is not compulsory under the EU Energy Taxation Directive, and may therefore be abolished by the Netherlands at the national level.

Exemption for non-energy use of LPG in steam crackers (part of the general exemption under Section 65 of the Excise Duty Act)

Section 65 of the Excise Duty Act exempts the consumption of excise goods used as raw materials to produce non-excise goods. In part, this concerns the non-energy use of LPG in steam crackers (formerly part of the broader scheme with a budgetary stake of 14 billion euro; see also text box 23.4 in Annex 23 to the 2025 Budget Memorandum). The budgetary stake of this is quantified in the table above.

VAT exemption for international passenger transport (ships and aircraft)

The transport of passengers is taxable where the transport actually takes

place (Section 6c(1) of the 1968 Turnover Tax Act and Article 48 of the VAT Directive). For the transport of passengers by aircraft and by seagoing vessel, for the VAT rate a distinction must be made between domestic and foreign flights/boat journeys. Domestic flights/boat journeys are taxed at the general VAT rate. Flights/boat journeys to or from a foreign country are taxed at the VAT zero rate (Table II, item b-3 to the 1968 Turnover Tax Act). This VAT zero rate means that entrepreneurs are not required to charge VAT for their services but are entitled to the deduction of input tax. Because of difficulties in implementation, Member States use the VAT zero rate for flights to or from foreign countries. However, the application of the VAT zero rate is not compulsory under the VAT Directive. In theory, it is therefore conceivable that the Netherlands could waive the application of this VAT zero rate.

However, this would mean that for all flights from and to the Netherlands it must be determined which part of the flight is flown above Dutch territory, because only that part is taxable with Dutch VAT. This is virtually impossible to do, however.
Moreover, the part of the international journey that takes place on or above Dutch territory is often limited, which has consequences for the consideration of levying versus implementation. VAT on aviation has been a subject of discussion in the European context for decades, but to date without any change being made to the approach.

Reduced MRB rate for delivery vans for entrepreneurs
The MRB features a reduced rate for delivery vans for entrepreneurs. This reduced rate applies irrespective of the powertrain. According to the scheme, a lower rate of MRB also applies to fossil-powered vehicles. As a result, the use of fossil fuel is indirectly subject to a tax reduction. From 1 January 2025, emission-free delivery vans are no longer subject to a rate reduction. Because the motor vehicle tax base is weight, an emission-free delivery van will owe a higher motor vehicle tax than a similar model powered by fossil fuel.

Other special schemes in private motor vehicle and motorcycle taxes (BPM/MRB)
The MRB and BPM contain a number of other special schemes for specific vehicles (refund schemes, quarter rates, etc.). These schemes are not specific to fossil fuelled vehicles. However, these schemes do mean that no car tax, or a lower rate of car tax, is payable for those vehicles, as a consequence of which the use of fossil fuels is indirectly subject to a reduced tax rate. With the 2024 Tax Plan, the law states that a number of special schemes will be scaled down: – the quarter rate for camper vans in the MRB will be scaled down to a half rate from 2026;
– the quarter rate for horse transport in the MRB system will expire from 2026 onwards;
– the MRB exemption for classic cars will be cut back from 2028 onwards to an exemption for cars with a year of manufacture up to 1988;
– the refund for money transport in the BPM will be scrapped from 2026 onwards;
– the zero rate in the motor vehicle tax (MRB) for public transport buses fuelled by liquefied petroleum gas (LPG) or natural gas will be scrapped from 2030 onwards.

The 2025 Tax Plan abolishes the reduced rate in the MRB for mobile shops.

Via the 2026 Tax Plan and 2026 Other Fiscal Measures it is further proposed:
– To limit the quarter rate for funfair and circus vehicles and for motor vehicles fitted as equipment or workshops to delivery vans when the truck levy comes into force and to end it with effect from 1 January 2028;
– To end the refund for the commercial vehicle fleet when the truck levy comes into force.

Table 13.5 Overview III - non-fiscal schemes with a more direct relationship to fossil energy consumption (Ministry of Economic Affairs and Climate Policy)

** For schemes marked with an *, a decision on the phase-out path has already been made (see explanatory notes for more information)*

Measure	Budgetary size per year (2025)	National adjustment legally possible?
Allowances issued free of charge in the framework of EU-ETS (EU policy)*	2,858	No
ETS subsidy scheme for indirect cost compensation (ICC)*	167.4	Yes
Investment deduction for the exploration and production of natural gas from small fields in the North Sea (mining levy)	Not known	Yes
Emergency Energy Fund	56.3	Yes

Explanatory notes to schemes in overview table 3

Allowances issued free of charge in the framework of EU-ETS (EU policy)

Within the ETS, companies that emit CO_2 directly must be in possession of emission allowances. If more emission allowances are needed than the company has available, the company is required to purchase these certificates or to take CO_2-reduction measures. To prevent companies competing in the global market from relocating their production outside Europe (which could cause carbon leakage), certain industrial sectors are allocated free emission allowances, based on the emissions of the 10% of companies with the lowest CO_2 emissions per product. There are three categories of sectors that receive free allowances. For sectors in which no significant risk of carbon leakage has been identified, the number of free emission allowances will be reduced to zero in 2030. For sectors where a significant risk of carbon leakage has been determined but for which the recently established Carbon Border Adjustment Mechanism (CBAM) offers alternative protection against carbon leakage, the number of free emission allowances will be reduced to zero by 2034. For the remaining sectors (significant risk of carbon leakage and no protection via CBAM), a decreasing number of free emission allowances will continue to be issued through to 2040. After 2040, the ETS ceiling will be reduced to zero and no new ETS allowances will be granted (neither free nor auctioned).

ETS subsidy scheme for indirect cost compensation (ICC)

The European system of emission trading requires European electricity producers to purchase emission allowances for their CO_2 emissions. The costs of these purchases are passed on by these producers in the wholesale prices for electricity. This increases electricity costs for, among others, businesses within the EU. This means that they may suffer a competitive disadvantage compared with businesses from countries outside the EU. This causes a risk of relocation of electricity-intensive production from within the EU to outside the EU, plus associated carbon leakage. The ETS Indirect Cost Compensation scheme (ICC-ETS) reduces this risk by compensating for the indirect ETS costs incurred by these companies for their production. The scheme is available to companies from specific business sectors identified by the EC and in 2025 was extended by three years in the Netherlands through to 2027. The budget cited is based on a forecast based on production figures of ICC companies from previous years and the estimated 2026 EU ETS price provided by the Dutch Emissions Authority (NEa).

Investment deduction for the exploration and production of natural gas from small fields in the North Sea (mining levy)

The (non-fiscal) investment deduction for investments in the exploration and production of natural gas from small fields in the North Sea can only be applied when calculating the specific payment of the profit share, which represents an additional levy for mining companies under the Mining Act, over and above corporation tax. For mining businesses this results in a higher

effective tax burden than for other businesses that only pay corporation tax. The aim of this investment deduction is to encourage the exploration and production of natural gas from small fields in the North Sea. Given that starting a new exploration is time-consuming, this investment deduction has not been claimed (substantially) so far. Natural gas is expected to still be necessary over the next few decades, for the production of electricity, for example, and to meet the energy and heating needs of households in the Netherlands. Gas production from small fields in the North Sea makes the Netherlands less dependent on gas production abroad, thereby contributing to the security of the energy supply. In addition, the CO_2 footprint of imported gas is considerably larger than that of gas produced in the Netherlands, due to the long transport distances. The analysis by CE Delft (November 2022) shows that gas production on the North Sea on balance has a positive effect on the level of emissions compared with a situation in which gas is imported from Russia or the United States.

Emergency Energy Fund
The government has provided a grant of €56.3 million to the Temporary Emergency Energy Fund foundation. In addition, the foundation also received €28.15 million from the private sector. This foundation utilises the funds to help low-income households with high energy bills meet the costs incurred for energy. In most cases, the allowance is deducted directly from the energy bill, so it is not free disposable income. Because only households that meet both requirements are eligible, it is a relatively targeted tool to compensate vulnerable households. The funds made available were fully spent in 2025. At present, the energy mix in the Netherlands is still mainly of fossil origin. As the energy mix becomes less based on fossil energy carriers, the size of the fossil advantage within the Temporary Energy Emergency Fund will fall. Because it is not possible to precisely trace what proportion of energy consumption for parties that received funds from the Temporary Emergency Energy Fund is of fossil origin, the budgetary stake of the entire public contribution to the Temporary Emergency Energy Fund is included in the table. So in reality, this is not a fossil advantage in its entirety.