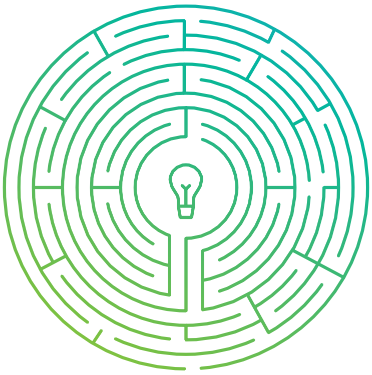

NL GAAP Focus

Summary of changes to Dutch Accounting Standards for micro-sized and small entities effective for financial years starting on or after 1 January 2026

This summary outlines the main changes to the Dutch Accounting Standards for micro-sized and small entities (DASsmall) for financial years beginning on or after 1 January 2026. Please note that the industry-specific amendments are not addressed in this summary [1]. This publication contains the main amendments known as of 1 September 2025.

For all amendments, earlier application is recommended.

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Deferred tax at initial recognition: option to apply the 'initial recognition exemption'

As a rule, deferred tax must be recognised for taxable and deductible temporary differences. Until now, it was unclear whether this also applied to temporary differences arising from a transaction – other than a business combination – that, at the moment of initial recognition, affects neither the accounting profit or loss nor the taxable profit or loss. Under IFRS Accounting Standards this relief is known as the 'initial recognition exemption'. The Dutch Accounting Standards Board has clarified that, in this situation, an entity is not required to recognise a deferred tax liability or asset. Consequently, under NL GAAP it is permitted, but not obligatory, to apply the 'initial recognition exemption'. Whichever choice is made must be applied consistently. The standards stipulate that the legally required consistency principle implies that identical accounting policies and rules are applied to assets or transactions that are similar in nature and use.

The following example illustrates the consequences of applying – or not applying – the 'initial recognition exemption'.

Example: 'Initial recognition exemption'

Entity A acquires a tangible fixed asset for an amount of 1,000. The asset has an expected useful life of five years and a residual value of nil. The corporate income tax rate is 25 per cent. For specific tax reasons, the depreciation charge recognised during the asset's useful life is not deductible for tax purposes. On disposal of the asset, any gain will be non-taxable and any loss non-deductible. During the asset's useful life the carrying amount will be recovered through the expected cash inflows of the cash-generating unit to which the asset belongs.

Because the carrying amount of the asset will be recovered through use (expected cash inflows of 500 per year), the non-deductibility of the depreciation charge results in additional taxable income of 1,000 and, accordingly, an extra tax liability of 250 (= 1,000 × 25 %).

1 Specific industries in the DASsmall include small not-for-profit organisations, small fundraising organisations, and small health care institutions.

Hence, a taxable temporary difference exists at the moment of initial recognition of the asset. For temporary differences arising after initial recognition, A recognises deferred taxes at the nominal tax rate in accordance with its accounting policies. With respect to the temporary difference that arises on initial recognition, the entity may choose whether or not to recognise a deferred tax asset or liability – in other words, whether to apply the 'initial recognition exemption'. Both permitted approaches are set out below.

Applying the 'initial recognition exemption'
On initial recognition A does not recognise a deferred tax liability, because the conditions for applying the 'initial recognition exemption' are met and A elects to use it. The acquisition is recorded through the following journal entry:

Tangible fixed asset	1.000	
Cash		1.000

The effect of applying the 'initial recognition exemption' is that the additional tax burden will be reflected in profit or loss. Over the five-year useful life the annual depreciation charge of 200 (straight-line) is not deductible for tax purposes. As a result, the entity's annual effective tax rate will exceed the applicable corporate income tax rate. Assuming expected cash inflows of 500 per year and no other costs, profit before tax is 300 (= 500 – 200). The annual effective tax rate therefore amounts to 41.67 % (= (25 % × 500) / 300).

No application of the 'initial recognition exemption'
On initial recognition A records a deferred tax liability for the temporary difference at the nominal tax rate, in line with its accounting policy for deferred taxes. At the same time, it increases the carrying amount of the tangible fixed asset by the same amount. The Dutch Accounting Standards Board has stated that, if the 'initial recognition exemption' is not applied, the initial recognition of the asset (in this example the tangible fixed asset) and of the related deferred tax should, in principle, have no effect on profit or loss at that moment. Accordingly, the deferred tax liability is not recognised in profit or loss but is added to the carrying amount of the asset.

The addition to the carrying amount must, however, exceed 250 (= 25 % × 1,000), because the increase itself gives rise to an increase of the taxable temporary difference for which a deferred tax liability has to be recognised. In practice this is an iterative calculation. The deferred tax liability, and the corresponding increase in the carrying amount at initial recognition, amount to 333.33 (= 250 / 75 %). The acquisition is recorded through the following journal entry:

Tangible fixed asset	1,333.33	
Deferred tax liability		333.33
Cash		1,000.00

In the following year the depreciation charge is 266.67 (= 1,333.33 / 5). The deferred tax liability is released each year by 66.67 (= 333.33 / 5), credited to income tax in profit or loss. As a result, the effective tax rate recognised in profit or loss remains equal to the applicable tax rate. Assuming expected cash inflows of 500 per year and no other expenses, profit before tax is 233.33 (= 500 – 266.67). The annual effective tax rate is therefore 25 % (= ((25 % × 500) – 66.67) / 233.33).

The option to not recognise deferred taxes cannot be applied where, at the moment of initial recognition of the assets/liabilities, equal taxable and deductible temporary differences arise. An example is the acquisition of an asset accompanied by the recognition of a provision for restoration costs that is included in the asset's carrying amount but is not recognised for tax purposes. For tax purposes, the restoration costs are deductible in the period in which the work is carried out. On initial recognition, therefore, a deductible temporary difference arises in respect of the provision and, for the same amount, a taxable temporary difference arises in respect of the difference in the carrying amount of the asset. In the periods after initial recognition, the taxable and deductible temporary differences will no longer offset one another and therefore the entity is not permitted to apply the exemption from recognising deferred taxes in this situation.

Adjustments made in response to comments received

Following feedback from stakeholders, the Dutch Accounting Standards Board has amended DASsmall in several areas. The principal changes concern:

- accounting for the effect of changes in estimates relating to the provision for major maintenance;
- the classification of non-current debt when loan covenants are breached;
- an amendment to the scope of 'share-based payments';
- clarification of the accounting treatment of payment discounts; and
- disclosure of exceptional circumstances in the publication financial statements of micro-sized entities.

Accounting for the effect of changes in estimates relating to the provision for major maintenance
Where an entity elects to account for major maintenance through a provision for major maintenance, additions to the provision are based on the estimated amount per maintenance component and the estimated interval between successive major-maintenance cycles. Up to now it was unclear whether, when those estimates change, the effect must or may be recognised through a catch-up addition to – or release of – the provision. In the Dutch Accounting Standards for medium-sized and large entities (DAS) the Dutch Accounting Standards Board has clarified that changes in the estimated amount per component and/or in the timing of the major maintenance are accounted for prospectively. Accordingly, the remaining amount to be accrued is allocated over the residual accrual period; a catch-up addition or release is therefore not permitted.

Through a cross-reference in DASsmall this clarification also applies to micro-sized and small entities.

If, to date, an entity has recognised catch-up additions in its financial statements, this constitutes a change in accounting policies. DAS contains a transitional provision allowing the change to be applied prospectively. In that case, only changes in estimates occurring from the date of first application of the amended standard (i.e. 1 January 2026, or the relevant effective date in the case of (1) earlier adoption of the change or (2) a non-calendar financial year) are accounted for under the new approach. Earlier changes in estimates and the comparative figures are not restated. Alternatively, the change in accounting policies may be applied retrospectively in accordance with DASsmall A3.1 'Changes in accounting policies', with full restatement of the comparative figures.

Classification of non-current debt when loan covenants are breached
A situation may arise in which a non-current liability becomes payable on demand because, at the reporting date, the loan covenants are not met, yet a waiver has been obtained before the financial statements are prepared. The question is whether the liability must (or may) be classified as non-current or as current. A waiver effectively means that the lender relinquishes its right to demand payment of the loan owing to the breach that existed at the reporting date. The Dutch Accounting Standards Board has noted that a different scenario can also arise in the event of a covenant breach. Name, where the lender does not demand immediate payment, provided that the entity restores its financial position during an agreed remediation period. In this case the lender has not relinquished its right to call the loan because of the breach at the reporting date. If, at the end of the remediation period, the required recovery has not been achieved, the lender may still demand payment – which is still a consequence of the breach that existed at the reporting date. Although the breach is not cured, the lender cannot exercise its right to call the loan during the agreed remediation period.

The Dutch Accounting Standards Board has clarified that the liability is classified as non-current only if the agreed remediation period runs for at least 12 months after the reporting date. In that case the loan cannot be called within twelve months of the reporting date. If the remediation period is shorter than twelve months, the liability is classified as current, because the loan may be called within twelve months as a result of the breach that existed at the reporting date.

To give effect to the above, the 2026 DASsmall stipulates the following:

a. if the covenants of a long-term loan are not met at the reporting date and, as a consequence, the liability becomes payable on demand, the entity must classify the liability as current, unless, on or before the reporting date:
   - a 'waiver' has been obtained whereby the lender waives its right to call the loan because of the breach; or
   - the lender has agreed to a remediation period during which immediate repayment in respect of the breach is not possible and that period extends to at least twelve months after the reporting date.

b. if the covenants of a long-term loan are not met at the reporting date, but after the reporting date and before the date of authorisation for issue either a waiver is obtained, or a remediation period is agreed that runs for at least twelve months after the reporting date and precludes immediate repayment, the liability may be classified as non-current. The use of this option must be disclosed.

c. if the covenants of a long-term loan are met at the reporting date but it is expected that they will be breached within twelve months after the reporting date, the liability is classified as non-current because, at the reporting date, it is non-current. As an alternative, however, classification as current is permitted. When this alternative is applied, this must be disclosed.

Amendment to the scope of 'share-based payments''
DASsmall refers to the Dutch Accounting Standards for the accounting treatment of share-based payments. Under the current Dutch Accounting Standards, DAS 275 'Share-based payments' does not have to be applied to share-based payments that are initiated or settled by a party outside the entity's consolidation scope. A common example is a share or option plan operated by the entity's parent entity. When this exemption is applied, the share-based payment granted to the entity's employees is not recognised in the entity's financial statements (only in those of the parent). The Dutch Accounting Standards Board has concluded that the exemption may not be used for share-based payments that are settled by the entity itself. Those payments must always be accounted for in accordance with DAS 275. Henceforth, the exemption may be applied only to share-based payments that are settled by a party that is not part of the entity's consolidation scope.

If, as a result of this amendment, the exemption can no longer be applied, the change constitutes a change in accounting policies. The entity must account for this change retrospectively, including restatement of the comparative figures, in accordance with DASsmall A3.1 'Changes in accounting policies'.

Clarification of the accounting treatment of payment discounts
DASsmall previously stated that, where payment discounts are taken only occasionally, they are generally not deducted from revenue but recognised as interest expense. This paragraph has been removed. The reason is that the other revenue-recognition requirements already address the treatment of payment discounts. A payment discount may, for example, be granted to a customer for early payment. Depending on the facts and circumstances, the early payment may constitute a significant financing component. In that case an interest expense is recognised on the amount received early from the customer. If no significant financing component exists, the guidance on variable consideration applies. The discount then represents a reduction of the transaction price and, therefore, of revenue.

Disclosure of exceptional circumstances in the publication financial statements of micro-sized entities
Micro-sized entities are required to prepare only an abridged balance sheet and profit and loss account and, in principle, need provide only a limited number of specific disclosures. The Dutch Accounting Standards Board has, however, stated that, in exceptional circumstances – for example where there is material uncertainty about going concern or where the financial statements are prepared on a liquidation basis – a micro-sized entity must, under the insight requirement, include additional information in the notes. Until now, this additional disclosure requirement was not reflected in the provisions governing the financial statements that are filed with the Trade Register ('publication financial statements'). The Board considers that any supplementary information included in the statutory financial statements on the basis of the insight requirement must likewise be included in the publication financial statements.

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