Upcoming Preparation of 2025 Financial Statements

The preparation of the 2025 financial statements will commence shortly, and most of the changes applicable for 2025 and beyond are already known. Proper preparation is essential, and therefore, through this publication, we provide an overview of the most significant new provisions currently available.

For specific references to the new regulations, please refer to the summary at the end of this article.

1 DAS 214 "Financial Fixed Assets"

As part of improving the accessibility of the Dutch Accounting Standards, DAS 214 on Financial Fixed Assets has been rewritten. The structure has been revised, additional headings have been introduced, and several paragraphs have been removed due to duplication within DAS 214.
Furthermore, clarification has been provided that when the net asset value of a participating interest becomes negative, the participating interest is measured at nil. If the investing entity holds other interests in the participating interest that qualify as an extension of the net investment (e.g., long-term receivables), the negative net asset value of the participating interest is offset against these interests, up to the amount of the negative net asset value.

If a negative net asset value remains after this offset, the investing entity must assess whether it has a legally enforceable or constructive obligation to enable the participating interest to settle its debts. If such an obligation exists, a provision for the participating interest is recognized to the extent that an outflow of resources is probable and the amount can be measured reliably.

Below are two examples illustrating this clarification.

Example – Net Asset Value with Negative Equity: Measurement of Assets (based on DAS 214.340)
Entity M owns all shares of subsidiary D. In addition, M holds preferred share capital in D amounting to 150 and has granted loans to D totaling 250 (of which 100 has no agreed repayment date). The net investment of M in the participating interest includes the preferred share capital and the portion of the long-term loan (totaling 250).
D has negative equity of 300. In M's financial statements, the participating interest is written down to nil, the preferred share capital is impaired, and the loans are reduced by 100. After this write-down, a negative amount of 50 remains (for which a provision may or may not be recognized, see the next example). For the valuation of the remaining receivable of 150 (250 – 100), it must be assessed whether further impairment is necessary.

Example – Net Asset Value with Negative Equity: recognition of a provision
BV C holds the entire issued share capital of BV D. The carrying amount of BV D measured under the net asset value method (equity method) has become nil. The net asset value equals the equity as presented in BV D's financial statements (there are no differences in measurement policies or other differences). The balance sheets of BV C and BV D are as follows:

Balance sheet C

Participating	0	Equity	700
Overige activa	1.000	Liabilities	300
	1.000		1.000

Balans D

Assets	500	Equity	-/-200
		Other liabilities	700
	500		500

The question is whether BV C must recognize a provision in respect of BV D's negative equity and, if so, for what amount. The starting point is that a provision only needs to be recognized when BV D is unable to (fully) meet its obligations to third parties and BV C is, on that account, liable to those third parties and/or has assumed such liability.

Assume that BV C is liable. In that case, it must recognize a provision; the only question is the amount. In determining the amount of the provision, BV C assumes that BV D can apply its entire assets of 500 toward settling its third party liabilities of 700. This results in a shortfall of 200 for which BV C is liable, and for which it must recognize a provision.

The provision that BV C must recognize is not necessarily equal to the negative net asset value. For example, the assets may have a direct realizable value of 540; in that case, the provision would be 40 lower (i.e., 160 instead of 200). The liability may also relate to only a portion of the debts, or BV C may not be liable but has nevertheless committed to contribute a specified amount to BV D's equity.

If, due to BV D's negative equity, BV C recognizes a provision of, for example, 140, then equity in BV C's company only (separate) financial statements becomes 560. In BV C's consolidated financial statements, all assets and liabilities of BV D are recognized, so consolidated equity amounts to 500. The difference in equity and profit must be explained by BV D in its company only financial statements

2 Changes in DAS 271 "Employee Benefits"

DAS 271.203-204c addresses vitality schemes and early retirement schemes. Early retirement schemes have a different nature than vitality schemes and are therefore treated separately. Early retirement schemes are characterized by the fact that no further work performance is required, even if a formal employment relationship still exists.

2.1 Vitality Schemes

The amendments for vitality schemes relate to:

- Examples of benefits that do involve accrual of rights and benefits that do not involve accrual of rights.
  - **Accrual of rights applies:** an employee continues to work 80% but retains salary and/or pension accrual or part thereof. The employee must have been employed for at least 5 years and be at least 58 years old. If there is a service period requirement, this constitutes accrual of rights unless that condition has no or only limited economic significance.
  - **No accrual of rights applies:** continued payment during maternity or parental leave or future salary increases based on salary scales.
- Specifically for schemes granting paid leave for part of the working time, it must be assessed based on the economic substance of the scheme whether it constitutes a benefit with accrual of rights or without accrual of rights. When accrual of rights applies, a liability must be recognized and measured at the best estimate of the amounts required to settle the obligation. If the scheme does not involve accrual of rights, the expenses are recognized in the period in which the benefit is due.
- Additional disclosure requirements apply to vitality schemes, including:
  - The main characteristics of the scheme, including whether it involves accrual of rights based on the economic substance of the scheme; and
  - If a liability is recognized, the discount rate applied and other key assumptions and measurement bases.

2.2 Early Retirement Schemes

For early retirement schemes, the following amendments/clarifications apply:

- A definition of an early retirement scheme has been included:
- "a scheme that (almost) exclusively aims to provide one or more payments or benefits by the entity to bridge the period until the commencement date of the pension or state retirement benefit (AOW), during which no work performance is rendered."
- Guidance is provided on when a liability should be recognized and how it should be measured, with two scenarios:
  - **For employees who, at the balance sheet date, already use or are eligible to use the scheme:** the liability equals the present value of the total expected payments for those employees;
  - **For employees who, at the balance sheet date, are not yet eligible but will become eligible during the term of the scheme:** a liability is built up over the period in which the right to benefits is substantially accrued.

  Expected costs are allocated proportionally over the accrual period: the liability equals the pro rata share of the present value of the total expected payments for those employees.
- Performance and disclosure requirements have been included. Disclosures must include the main characteristics of the schemes, the discount rates applied, and other key assumptions and measurement bases.

3 Impact of the Future of Pensions Act ("Wet Toekomst Pensioenen") on DAS 271

This amendment primarily concerns updating definitions and terminology. No substantive changes are intended. Several provisions have been removed because they are no longer considered relevant in the new context, such as:

- Receivables arising from future refunds, for example, due to funding ratios; and
- Obligations to pay recovery premiums to the pension provider.

However, some provisions regarding situations that can no longer occur under the Future of Pensions Act (WTP) have not been eliminated. Examples include:

- Obligations to the pension provider related to indexation. This may still occur after January 1, 2028, for example, in the case of foreign pension plans.

In addition, an example has been included indicating that compensation measures from transitional arrangements may result in a potential additional obligation to the pension provider.

4 Adjustment of the Guidance for Applying IAS 19R in the Dutch Pension Context as a Result of the Future of Pensions Act

The DAS has outlined the implications of the Future of Pensions Act (WTP) for applying the Guidance on IAS 19R in the Dutch pension context. Since this guidance will become only marginally relevant under the WTP, the DAS will withdraw it upon the expiration of the transition period for implementing the WTP (1 January 2028).

It has also been clarified that pension plans complying with the WTP will, in principle, be classified as defined contribution (DC) plans under IAS 19R. However, in certain situations, constructive obligations may arise that could affect the classification of the plan. A constructive obligation may, for example, result from expectations created by the employer. The DAS believes that IAS 19R provides sufficient guidance for assessing such constructive obligations.

5 Country-by-Country Reporting – Amendment to DAS 500 "Due to Public Disclosure of Income Tax Information"

The EU Directive on Public Disclosure of Income Tax Information (Directive EU/2021/2101) was implemented into Dutch law in 2024. The purpose of this legislation is to enhance transparency regarding corporate income tax payments worldwide by large multinationals.
As a result, large multinationals with consolidated net revenue or income exceeding €750 million are required to prepare and publicly disclose an annual report on income tax information.

In the DAS bundle, Section 5 "Country-by-Country Reporting" includes DAS 500 "Country Information." Due to the above legislative change, DAS 500 now sets out in separate paragraphs which entities are subject to the country-by-country reporting requirements. These include:

- Certain entities engaged in extractive industries or the logging of primary forests (paragraph 500.2);
- Banks or investment firms (paragraph 500.3); and
- Large multinationals with net revenue exceeding €750 million.

Three separate paragraphs then explain the different forms of country-by-country reporting.

6 Digital filing by large entities

Starting from financial year 2025, all legal entities are required to file their financial statements electronically with the Trade Register of the Chamber of Commerce (KVK) using SBR (Standard Business Reporting). The Decree on Electronic Filing was amended on December 18, 2024, to enable this requirement.

Previously, large companies and their medium-sized subsidiaries were exempt from the obligation to file electronically via SBR. This exemption will be removed as a result of the amendment to the Decree, effective from financial year 2025.

Electronic filing means that the financial statements must be submitted to the Trade Register of the KVK in an electronic format using Standard Business Reporting (SBR).
There is no change in content. Electronic filing simply makes the same information publicly available in a different manner.

7 Corporate Governance Code 2025: VOR

On March 20, 2025, the updated Dutch Corporate Governance Code 2025 was published. The most significant change is the introduction of an In Control Statement (VOR). The VOR is a written declaration by the management board of a listed company regarding the design and operational effectiveness of the internal risk management and control system.

The management board must declare that the internal risk management and control systems provide at least a limited level of assurance that the sustainability reporting does not contain material misstatements. The management report must also explain the degree of assurance these systems provide that operational and compliance risks are effectively managed.

The introduction of the provisions relating to the VOR aims to increase transparency regarding the management of operational, compliance, and reporting risks. The provisions relating to the VOR apply to financial years beginning on or after January 1, 2025, but the updated Code must be formally mandated by reference through the Decree on the Content of the Management Report.

At the time of writing this article, the amendment to the Decree on the Content of the Management Report is under consideration by the Dutch Senate and House of Representatives.

New regulation	Where can the new regulation be found
1. Standard DAS 214 “Financial fixed assets”	DAS 214
2. Changes in Standard DAS 271 “Employee Benefits”	Changes in DAS 271
3. Impactof the Future of Pensions Act on DAS 271	Changes in DAS 271
4. Adjustment of the Guidance for Applying IAS 19R in the Dutch Pension Context as a Result of the Future of Pensions Act	DAS 921
5. Country-by-Country Reporting – Amendment to DAS 500 “Due to Public Disclosure of Income Tax Information”	DAS 500
6. Digital filing by large entities	Amendment Decree on Electronic Filing with the Commercial Register
7. Corporate Governance Code 2025: VOR	DAS Statement 2025-9

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