

Upper House of Parliament adopts the 2022 Tax Plan package and the bill on Combating mismatches in the application of the arm's length principle Act

On December 21, 2021, the Upper House of Parliament adopted elements of the 2022 Tax Plan package and the bill Combating mismatches in the application of the arm's length principle Act. The Lower House of Parliament had already adopted the same bills on November 11, 2021 (see [our previous memorandum](#)).

The following bills from the 2022 Tax Plan package have (now also) been adopted by the Upper House:

- 2022 Tax Plan;
- 2022 Other Tax Measures;
- Tax Status measure from Second EU ATAD Directive (Implementation) Act (tax status measure reverse hybrid entities);
- Reduction of landlord levy rate and monthly changes to tax reduction amounts.

For a more detailed explanation of the originally filed bills, we refer to [our Budget Day memorandum](#). A few of the measures adopted by means of separate memoranda of amendment include:

- limiting the possibilities for setting off holding company losses;
- expanding the permanent establishment concept for the purposes of the withholding tax on interest and royalties;
- raising of the top corporate income tax rate to 25.8%;
- tightening of the generic interest deduction limitation (earnings stripping measure) by lowering the deduction percentage from 30% to 20% of the EBITDA for tax purposes.

See our memoranda of [October 6, 2021](#) and [October 18, 2021](#) for more detailed information about these memoranda of amendment.

Adopted motions

In the vote on December 21, 2021, the Upper House also approved the following motions:

- The government is asked to as soon as possible end the taxation of assets held as savings on the basis of deemed returns (motion 35927, I).
- The government is asked to make a one-off payment of EUR 200 to state pension beneficiaries in 2022 via the existing state pension purchasing power allowance (motion 35927, J).
- The government is asked to work intensively, on the basis of broad cooperation with both Houses, research institutes and external specialists, on an ambitious, transparent and step-by-step plan to significantly simplify the system of social security and taxation in the coming years, with the following points of departure in relation to the present:
 - acceptable marginal pressure;

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- acceptable budgetary impacts;
- acceptable income effects;
- acceptable labor supply effects (motion 35927, K).

Should you have any questions regarding the above, Meijburg's advisors would be pleased to use their expertise to help you.

KPMG Meijburg & Co
December 21, 2021

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