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The Government presents tax measures for 2023 on Budget Day

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On Budget Day, September 20, 2022, the government presented the 2023 Tax Plan package to the Lower House of Parliament. It contains the following bills:

- 2023 Tax Plan
- Box 3 Restoration of Rights Act
- Box 3 Bridging Act
- Minimum CO_2 Price on Industrial Emissions Act
- Delegation Provision (no late payment interest in specific cases) Act
- Amendment of the Environmental Management Act in connection with the transitional period for introducing a carbon border adjustment mechanism
- Amendment of the Child-related Budget Act to temporarily increase the child-related budget as a means of improving consumer purchasing power and amendment of the General Old Age Pensions Act and several other pieces of legislation in connection with the income support for old-age pensioners being abolished

Many of the proposed measures will take effect on January 1, 2023. This memorandum outlines the main features of the 2023 Tax Plan package. Where possible and relevant, we have included in the individual topics other tax measures and developments related to those topics, but have indicated that these are not part of the 2023 Tax Plan package. Please refer to the last section for miscellaneous tax developments.

Content

1 Corporate income tax

1.1 19% CIT on first EUR 200,000

The step-up for corporate income tax purposes, i.e. the portion of the taxable amount that is subject to the low corporate income tax rate (the 'SME bracket') will be scaled back from EUR 395,000 to EUR 200,000 as of 2023. It has also been proposed to increase the tax rate in this bracket (the 'SME tax rate') from 15% to 19%. The normal corporate income tax will stay at 25.8%.

1.2 Payment discount to end (not part of the 2023 Tax Plan package)

The payment discount currently given for payment in full (rather than in installments) of the corporate income tax payable, which is paid before the payment deadline for the first installment, will end as of 2023.

1.3 Property falling outside the scope of the FBI regime (2024)

In the letter presenting the 2023 Tax Plan package to the Lower House of Parliament, the government announced that as of January 1, 2024 a corporate income tax measure will be introduced under which fiscal investment institutions (*fiscale beleggingsinstellingen*; FBIs) will no longer be allowed to directly invest in property (the property measure). No distinction will be made between where the property is situated, i.e. in the Netherlands or abroad. This property measure will be included next year in the 2024 Tax Plan. The reason for this measure is that the government wants to prevent, in certain situations involving foreign investors, that the right to tax Dutch property owned by FBIs cannot or cannot fully be effectuated. The property measure will ensure that as of 2024 the profit of property FBIs will be taxed at the normal CIT rate.

It is likely that certain (unlisted) property FBIs will restructure before the property measure takes effect on January 1, 2024. Real estate transfer tax will be an important factor in the decision to restructure. Depending on the specific situation, a restructuring can result in a taxable event for real estate transfer tax purposes, with current exemptions not always applying. The government will now begin looking into options for accompanying measures in 2023 and whether it would be desirable to introduce them.

The property measure will not affect securities FBIs.

1.4 Progress of new group corporate income tax scheme (not part of the 2023 Tax Plan package)

Work is in progress on a new group corporate income tax scheme. This is because the current fiscal unity regime is vulnerable under EU law. In connection with this, some elements of the legislation have already been amended, see our previous memorandum on the Fiscal Unity Emergency Repair Act (with, in principle, retroactive effect through to January 1, 2018). However, with regard to other elements, the risks under European law have not, or may not have, entirely disappeared. On Budget Day in 2020, the then Deputy Minister of Finance, Mr. Vijlbrief, sent a letter to the Lower House of Parliament, which included an outline of the main features of a potential new group scheme and explained the follow-up process. A specific bill has still not been submitted to the Lower House.

2 Withholding taxes

2.1 Withholding tax on dividends to low-tax jurisdictions (2024, not part of the 2023 Tax Plan package)

In a letter to the Lower House of Parliament dated March 29, 2020, the Deputy Minister of Finance announced that as of January 1, 2024 dividend flows to low-tax jurisdictions will be subject to tax. After an internet consultation that ran from September 25 through to October 23, 2020, a bill was presented to the Lower House of Parliament on March 24, 2021. The reason for this is that the government wants to put an end to the Netherlands being used as a gateway to low-tax countries. With this in mind, a withholding tax on interest and royalties had already been introduced as of January 1, 2021. As of 2024, that tax will be supplemented with a conditional withholding tax on dividends. The measure will apply to cash flows to countries with a profit tax rate of less than 9% and to countries appearing on the EU blacklist, even if the Netherlands has a tax treaty with these countries. If the dividend tax and the conditional withholding tax cumulate, the withholding tax will be reduced by the imposed dividend tax. On balance, the withholding tax rate payable will therefore be the rate that is equal to the normal CIT rate (25% in 2021 and 25.8% in 2022). The Lower House of Parliament passed the bill on September 30, 2021 and the Upper House on November 2, 2021.

2.2 Private Member’s bill on conditional final settlement of dividend tax (2021, not part of the 2023 Tax Plan package)

On July 10, 2020 MP Snels (the Greens) submitted a Private Member's bill to the Lower House of Parliament introducing a dividend tax settlement obligation on cross-border relocations of the registered office, mergers, split-offs/divisions and share mergers, if as a result thereof the (deferred) profit reserves of the withholding agent established in the Netherlands is transferred to a jurisdiction that does not take over the Dutch dividend tax claim; the ‘qualifying state’. Mr. Snels had submitted a Memorandum of Amendment on the bill on September 18, 2020, in which he also announced that more changes would follow. In response to criticism from the Council of State, he finally submitted a completely new legislative text and Explanatory Memorandum to the Lower House of Parliament on October 9, 2020. The Memorandum in response to the Report followed on March 12, 2021, in which Mr. Snels indicated that he saw no reason to withdraw his proposal or fundamentally change it, as did a supplemental Memorandum of Amendment. After Mr. Snels’ departure from the Lower House, it was left to MP Van der Lee to defend the bill. On December 8, 2021 the proposal underwent major revision based on a 4th Memorandum of Amendment. It was proposed to introduce the measures with retroactive effect to 9:00 a.m. on December 8, 2021, the date on which the 4th Memorandum of Amendment was presented to the Lower House of Parliament. On May 20, 2022 the Council of State’s negative advice on the 4th Memorandum of Amendment was published. On July 15, 2022 the Deputy Minister of Finance announced that the government had advised the Lower House not to pass the Private Member’s Bill.

2.3 Dividend stripping

In practice, large amounts in dividend tax are avoided via various forms of dividend stripping, which the Dutch tax authorities cannot properly combat with the legal instruments currently available to it. The government wants to prevent this improper use without unnecessarily affecting normal stock exchange trading. In order to decide on a measure that will do the most justice to these wishes, interested parties were consulted. The internet consultation, entitled 'Options for strengthening measures to prevent dividend stripping' was launched on December 15, 2021 and closed on January 26, 2022. The consultation document contains six potential solutions and various general questions. On July 15, 2022 Deputy Minister of Finance Mr. Van Rij sent a letter to the Lower House of Parliament in which he briefly summarized the internet consultation and outlined the government's assessment of it and the follow-up process. He does not think it will be possible to implement the measures before January 1, 2024.

3 Personal and corporate income tax

3.1 Increase in environmental investment allowance and energy investment allowance

The environmental investment allowance (*Milieu-investeringsaftrek*; MIA) and the energy investment allowance (*Energie-investeringsaftrek*; EIA) will be increased, by EUR 100 and EUR 50 million respectively per year on a permanent basis as of 2023. The EIA and MIA are currently being evaluated. The evaluations will be completed at the beginning of 2023.

4 Personal income tax

4.1 Box 1 basic tax decreased

As of 2023, the basic tax rate in Box 1 (including national insurance contributions) will be decreased from 37.07% to 36.93%. This basic rate will apply to income up to EUR 73,031. The top rate for income above this amount will stay at 49.5%. As of 2023 the rate for state pension beneficiaries with an income of up to EUR 37,149 (or EUR 38,703 if born before 1946) will be reduced from 19.17% to 19.03%.

4.2 Two tax rates for substantial interest: 24.5% and 31% (2024)

At present Box 2 only has one rate of 26.9%. As of 2024 two tax brackets will be introduced in Box 2. The first EUR 67,000 in income from substantial interest (Box 2 income) will be taxable at 24.5%; any excess will be taxable at 31%. These amounts are per person. By introducing a progressive tax rate, the government hopes to encourage substantial interest holders to distribute a small amount of dividend annually, and so combat the deferral of tax. By introducing the high tax rate, the government is seeking to bring the tax burden in Box 2 more in line with the tax burden imposed on businesses in Box 1. In 2023, the tax rate for a substantial interest will stay at 26.9%.

4.3 Increase in Box 3 rate

The tax rate in Box 3 will be gradually increased over three years from 31% in 2022 to 34% in 2025. To protect taxpayers with only a small amount of savings, the tax-free amount will be increased from EUR 50,650 to EUR 57,000 (EUR 114,000 jointly for partners) as of 2023.

4.4 Codification of restoration of rights and bridging Box 3

The Tax Plan package sets out how rights will be restored in Box 3 for the years 2017 through 2022; this in response to the 'Christmas judgment' rendered by the Supreme Court. There is also a bill for Box 3 which deals with the years 2023 through 2025. This is a transitional measure because as of 2026 the government is prescribing a Box 3 tax based on the actual return on investment.

Background

On December 24, 2021 the Supreme Court ruled in a class-action appeal that the Box 3 tax regime for the years 2017 and 2018 is systematically contrary to the European Convention on Human Rights (ECHR) and ruled that to restore taxpayers' rights in Box 3 only the actual return on investment should be taxed instead of a deemed return. On February 4, 2022 the tax inspector issued a collective decision on the class-action appeal against the Box 3 tax regime for the years 2017 through 2020 and declared the notices of objection well-founded. In letters sent to the Lower House of Parliament on April 15, 2022, the Deputy Minister of Finance described options for the restoration of rights for the years 2017 through 2022 and indicated that the transitional rules for subsequent years will be in line with these options. He also outlined the contours for a Box 3 regime based on actual return on investment, as the government envisages this taking place as of 2026 (was: 2025) in the form of a capital growth tax.

On April 28, 2022 the Deputy Minister of Finance announced that the restoration of rights will take place according to a 'flat rate savings option'. This option is based on three asset categories, each with their own rates: for bank balances, debts and other assets. The actual savings interest rate will be used for bank balances; the mortgage interest rate will be used for debts and – as is now the case under the current Box 3 regime – the multi-year average return on investment will be used for other assets. This is a weighted return of the multi-year average return on bonds, shares and property. These flat rates will be applied to the actual capital mix, i.e. to the actual bank balances, the actual debts and the actual other assets. The fixed capital mix currently used in Box 3 will therefore be abandoned.

On Friday, May 20, 2022 the Supreme Court ruled – to put it briefly – that there is no legal obligation to offer the restoration of rights to taxpayers who had not appealed the Box 3 tax and for whom their tax assessments had become irrevocable.

On June 30, 2022 policy rules to enshrine the precise form that the restoration of rights is to take were laid down in a policy statement. This policy statement will now be transposed into legislation via the separate bill on the Box 3 Restoration of Rights Act. The transitional rules for the years 2023 through 2025 have been elaborated on in the Box 3 Bridging Act.

No restoration of rights for taxpayers who have not filed appeals

By letter dated September 20, 2022 the Deputy Minister of Finance informed the Lower House of Parliament that taxpayers who had not filed appeals and for whom the personal income tax/national insurance contributions tax assessments were irrevocable on December 24, 2021 will not be compensated and that any requests for ex officio reductions will be refused.

Box 3 Restoration of Rights Act

The Box 3 Restoration of Rights Act covers personal income tax/national insurance contributions tax assessments imposed for the years 2017, 2018, 2019 or 2020 that had not yet become irrevocable on December 24, 2021 Personal income tax/national insurance contributions tax assessments for the years 2020 and 2021 also fall under this Act.

In line with the policy statement, the Box 3 Restoration of Rights Act uses the 'flat rate savings option' to calculate the benefit from savings and investment (Box 3). The flat rate return on investment percentages for the asset categories 'bank balances' and 'debt' will be set at the end of the relevant year.

As in the policy statement, this Act may only result in a lower benefit from savings and investment and not to a benefit from savings and investment that is higher than that under the original Box 3 legislation.

Lastly, the Box 3 Restoration of Rights Act contains a provision to avoid double taxation in connection with foreign assets and debts.

Box 3 Bridging Act

The Box 3 Bridging Act, covering the years 2023 through 2025, is largely in line with the Box 3 Restoration of Rights Act. However, in contrast to the Box 3 Restoration of Rights Act, under the Box 3 Bridging Act it is no longer the case that the original Box 3 regime can still be applied if that is more favorable. The Box 3 Bridging Act also differs in some aspects from the Box 3 Restoration of Rights Act. For example, cash is included under the asset category 'bank balances'. There is also an exemption for green bank balances and green investments. The flat rate return on investment percentages for the asset categories 'bank balances' and 'debts' will be set at the end of the calendar year. This has been done so that the percentages will align as closely as possible with the actual return on investment realized. However, this does mean that it will not be exactly clear during the calendar year what the tax burden will be. The long-term return on immovable property, shares and bonds will be used for the category 'other assets', which is currently also the case.

The Box 3 Bridging Act has an anti-abuse provision to prevent reference date arbitrage. This provision will ensure that the temporary conversion of assets cannot result in less tax. A three-month arbitrage period has been opted for, so that transactions before October 1 and after March 31 that result in another more tax-favorable distribution between the asset categories will not be regarded as arbitrage transactions. In the case of transactions that take place within the arbitrage period, the taxpayer must, upon request, be able to convincingly demonstrate that these were business-motivated. Lastly, a change has been made in the profit domain and then with regard to the deductible usage fees for assets belonging to the private assets of the business owner that are also used in the business. These fees will be standardized so that the amount deducted cannot exceed the return on those assets that is to be taken into account in Box 3.

4.5 Vacant possession ratio to be updated and limited in scope

Both in Box 3 for personal income tax purposes and for inheritance and gift tax the value of tenanted rent-protected homes will be determined by the WOZ value multiplied by the vacant possession ratio. The idea behind the vacant possession ratio is that a tenant in a rent-controlled home negatively impacts the value of that home. It has been proposed to update the vacant possession ratio as of January 1, 2023. One of the consequences of the proposed update of the vacant possession ratio is that if the annual rent is more than 5% of the WOZ value, the percentage of the vacant possession ratio will be increased to 100%.

In addition, it has been proposed to exclude a home rented under a temporary rental contract from the vacant possession ratio. Temporary rental contracts mean landlords very quickly acquire the full and unencumbered ownership of the property, so that there is virtually no question of a negative effect on the value of the tenanted property. Consequently, as of 2023 the vacant possession ratio can only be applied to a home let under a permanent rental contract where the tenant enjoys rent protection.

As a supplement to this, the government has also proposed that the highest percentage in the vacant possession table be used for renting to related parties (such as a son or daughter). That percentage will be 100% as of 2023, which means that the vacant possession ratio will effectively no longer apply to this type of rental home.

4.6 Accelerated phasing out of self-employed persons deduction

It had been agreed in the coalition agreement that the decrease in the self-employed persons deduction - as it had been included in the 2020 and 2021 Tax Plans - would be accelerated and extended. The government now intends to decrease the self-employed persons deduction at a faster pace than reported in the coalition agreement. By decreasing the deduction the government hopes to narrow the divide between how employers and self-employed persons are treated for tax purposes.

The proposed decrease will take place in stages so that as of January 1, 2023 the self-employed persons deduction - currently EUR 6,310 (2022) - will be decreased by EUR 1,280 per year in 2023, 2024 and 2025 and by EUR 1,270 in 2026 to arrive at an amount of EUR 900 in 2027. In figures per year:

Year	Self-employed persons deduction
2023	EUR 5,030
2024	EUR 3,750
2025	EUR 2,470
2026	EUR 1,200
2027	EUR 900

4.7 Tax-deferred retirement reserve to be phased-out

Under the tax-deferred retirement reserve (*fiscale oudedagsreserve*; FOR), a taxpaying entrepreneur for personal income tax purposes may, under certain conditions, set aside part of the profit each year for a tax-deferred retirement provision. The Act on Future of Pensions enlarges the scope to accommodate the accrual of a tax-deferred retirement provision in the third pillar. This also applies to entrepreneurs who are personal income taxpayers. Partly in that light, the government wants to phase out the FOR as of January 1, 2023 because in many cases it is ultimately not used for a retirement provision. Specifically, this means that as of January 1, 2023 a tax-deferred retirement reserve can no longer be accrued, but that the tax-deferred retirement reserve accrued through to December 31, 2022 can be settled on the basis of the current rules. With regard to financial years that do not coincide with a calendar year (the 'split financial years'), the proposal will apply as of the first financial year commencing after January 1, 2023.

4.8 Average salary plan to be abolished

The average salary plan is intended to compensate the disadvantage associated with progressive tax rates which taxpayers with strongly fluctuating incomes in consecutive calendar years may experience as a result of the progressive tax rate in Box 1. This scheme was evaluated in 2018 and it was concluded that the scheme had been only partially effective and efficient. The government has therefore proposed abolishing the average salary plan as of January 1, 2023, but to introduce transitional rules for the years after 2022, provided that 2022 is also included in the averaging period. Specifically, this means that the last period over which averaging can take place is 2022-2023-2024.

4.9 Cap on deductible periodic gifts

The deduction for periodic gifts will be capped. The deduction for gifts made by individuals means that under certain conditions a gift to a public welfare institution (*algemeen nut beogende instelling*; ANBI) (usually a foundation) is deductible for personal income tax purposes. As of 2023 the deduction for gifts will be capped at EUR 250,000 per household for periodic gifts made to ANBIs and associations. This will be elaborated on later in a Memorandum of Amendment.

4.10 Increase in labor tax credit

As of January 1, 2023 the maximum labor tax credit will increase from EUR 4,260 to EUR 5.052. The amount of the labor tax credit is dependent on a person's income from current labor. Up to labor income of EUR 37,626: the higher the income, the higher the labor tax credit. For income above that amount, the labor tax credit will decrease by 6.51%.

4.11 General tax credit to be decreased based on aggregate income (2025)

The government intends to base the decrease in the general tax credit with effect from 2025 on the taxpayer's aggregate income. The aggregate income consists of income from savings and investment (Box 1), income from a substantial interest (Box 2) and income from savings and investment (Box 3) less any income that is subject to a protective tax assessment. The general tax credit is now only decreased on the basis of the income in Box 1. The measure is aimed at ensuring that the decrease in the general tax credit is applied to each taxpayer with the same aggregate income, irrespective of the composition of that income, and, within the income range in which the general tax credit is being decreased, to tax more heavily aggregate income predominantly made up of Box 2 and Box 3 income.

4.12 Income-related combination tax credit to be phased out (2025)

It has been proposed to gradually phase out the income-related combination tax credit (*inkomensafhankelijke combinatiekorting*; IACK) as of 2025. The IACK is intended to encourage single parents or low-income partners to combine work and caring for their young children. One of the reasons for this phasing out has to do with a fundamental revision of the childcare allowance. The government has however opted to allow parents with children born before Wednesday, January 1, 2025 to retain their entitlement to IACK. The IACK will be thus be gradually phased out during the period January 1, 2025 through January 1, 2037. The reason for structuring it this way is so that taxpayers who were already entitled to the IACK before 2025 will not suddenly lose that right or see it diminished. This will prevent parents being confronted with the negative income effects of having IACK phased out; this despite the revision of the childcare allowance.

4.13 Deductible items in Box 1 gradually reduced to the basic rate (not part of the 2023 Tax Plan package)

In 2023 the rate at which deductible items in Box 1 can be taken into account will be further reduced. This concerns:

- the deductible expenses relating to the principal residence (such as the mortgage interest deduction);
- the entrepreneur's allowance;
- the SME profit exemption;
- the exemption in the regime for making assets available;
- the personal tax credit (partner alimony, expenditure on specific healthcare costs, weekend expenses for the disabled, deductible gifts and – under transitional rules – losses on investments in venture capital).

Insofar as these deductible items fall in the highest bracket, in 2023 they will only be able to be deducted at the then applicable basic rate of 36.93%, whereas in 2022 this was still possible at 40%.

4.14 Gradual phasing out of credit for no or small home mortgage ('Hillen credit'; not part of the 2023 Tax Plan)

The credit for not having a home mortgage or only having a small home mortgage (the 'Hillen credit) gives taxpayers who have repaid all or almost all of their home mortgage and thus pay no or almost no interest, a deduction item that, until 2019, was equal to the imputed income from home ownership (*eigenwoningforfait*) (less any remaining interest). As of 2019 the Hillen credit is being phased-out in equal steps over thirty years. In 2023 the credit to be taken into account will thus be only 83 1/3%.

4.15 Measure to counter excessive borrowing from own business (not part of the 2023 Tax Plan package)

On September 13, 2022, the Lower House of Parliament passed the bill on the Excessive Borrowing from Own Companies Act unchanged. The proposed motions and amendments were rejected. The bill means that holders of a substantial interest who borrow more than EUR 700,000 from their own company will be taxed on the excess as income from a substantial interest. Home acquisition debt is excluded. The measure will apply for the first time to the 2023 calendar year and will take into account the level of debt as at December 31, 2023. Each holder of a substantial interest who has borrowed more than EUR 700,000 from their own company, will have to reconsider their position.

4.16 Uncertainty requirement for periodic deductions for gifts to be amended (2024, not part of the 2023 Tax Plan package)

For personal income tax purposes, the deduction of periodic gifts is not subject to the threshold and cap applying to ordinary gifts. The uncertainty requirement is one of the requirements that must be met for qualifying as a periodic gift. This uncertainty must amount to at least 1%. In practice, the basic assumption is that the uncertainty requirement is met if the periodic gift is dependent on one life for a period of five years. However, in practice the uncertainty requirement is experienced as complicated. In a letter sent to the Lower House of Parliament on June 29, 2021 the Deputy Minister of Finance announced that the uncertainty requirement in the bill on the Taxation (Miscellaneous Provisions) Act 2015 would be amended. The consultation draft of the bill, which was published on July 19, 2022, proposes that periodic gifts be defined as gifts to public welfare institutions (*algemeen nut beogende instellingen*; ANBIs) or associations consisting of fixed or equal payments made over the course of five or more years and which end upon the death of the person making the gift. This means that it will no longer be relevant whether the mortality risk of the person making the gift is higher than 1%. The law amendment is expected to take effect on January 1, 2024.

5 Payroll tax and social security contributions

5.1 Scope of 30% ruling limited to public sector pay cap as of 2024

The 30% ruling is a form of tax relief for employees coming to the Netherlands who are recruited from abroad and have specific expertise that is scarce or unavailable in the Dutch labor market. Under this tax relief, an employer may reimburse a maximum of 30% of the salary tax-free. It has been proposed to limit the 30% ruling to the public sector pay cap, more commonly referred to in Dutch as the '*balkenendenorm*' (2022: EUR 216,000). As of January 1, 2024 the maximum tax-free expense allowances will be 30% of the then applicable public service pay cap.

Transitional rules will be introduced for current 30% rulings. If an employee is using the 30% ruling in the last salary period of 2022, the cap will apply as of January 1, 2026. It will also remain possible to opt for tax-free reimbursement of the actual extraterritorial costs instead of the 30% ruling if the costs incurred exceed the tax-free allowance under the 30% ruling. Employers must make this choice each year at the beginning of the year.

5.2 Untaxed travel allowance to be increased

In the coalition agreement the government had announced that it planned to increase the tax-free travel allowance, which currently stands at EUR 0.19 per kilometer. As of January 1, 2023 it will be increased to EUR 0.21 per kilometer. further increasing to EUR 0.22 per kilometer in 2024.

5.3 Relaxation of the work-related costs rules

Employers can use the fixed exemption in the work-related costs rules to give employees untaxed reimbursements and provisions as part of their employment. The fixed exemption for the 2022 calendar year is set at 1.7% of an employer's payroll for tax purposes up to and including EUR 400,000, and 1.18% on the remainder of that payroll.

As there has been a sharp rise in inflation, the reimbursements and provisions made to employees are now more costly than was previously the case, despite the fact that the payroll (and thus also the fixed exemption) has seen less of an increase. The government has therefore proposed increasing the fixed exemption for the first EUR 400,000 of the payroll for tax purposes by 0.22% to 1.92%. The fixed exemption for the payroll above that amount will stay at 1.18%.

5.4 Cancellation of efficiency margin for normative salary

Employees who work for an entity in which they hold a substantial interest, i.e. directors/majority shareholders, are governed by the normative salary rule. Based on this rule, the salary of a director/majority shareholder is to be set at the highest of the following amounts in principle:

(a) 75% of the salary of the most comparable employment;
(b) the salary of the best-paid other employees of the entity or entities affiliated with it;
(c) EUR 48,000.

The rule under (a) means that the salary of a director/majority shareholder can be set 25% under the salary for the most comparable employment. It has been proposed to cancel this 'efficiency margin' as of January 1, 2023.

5.5 Easing of normative salary scheme for innovative start-ups comes to an end

The easing meant that, for the purposes of the normative salary scheme, the taxable salary of substantial interest holders who work for innovative start-ups could be set at the statutory minimum wage. This easing will end as of January 1, 2023.

5.6 Using the compulsory retirement provision to purchase an annuity after the annuity commencement date has passed

From April 1, 2017 through 2019 it had been possible to convert tax-free the part of the accrued pension rights that was fully self-administered into a claim under the compulsory retirement provision (*oudedagsverplichting*; ODV). With the introduction of the Self-Administered Pensions (Phaseout) and other Tax-Related Pension Measures Act, an option was added to the Payroll Tax Act 1964 to use a claim under the ODV to obtain an annuity (or an annuity account or an annuity investment account). In order to qualify as an expense incurred for an income scheme, one of the requirements stipulated for an annuity is that the annuity installments commence no later than the year in which the taxpayer to whom these installments are due reaches the age of five years older than the state pension age, or that the first installment is paid no later than the year in which the taxpayer to whom these installments are due has reached the age of five years older than the state pension age. This age limit also applies to annuities obtained by using an ODV. However, in response to signals received from interested parties who would have to implement this in practice it was noted that strictly adhering to such a strict age limit would lead to undesirable situations. The applicable age limit for purchasing an annuity will therefore not apply, subject to conditions, if the amount of an ODV is used to obtain an annuity. In that case, purchasing the annuity qualifies as an expense incurred for an income provision. In anticipation of the legislation, this has already been provided for by means of a policy statement. The codification of these measures has been proposed in the bill. The government proposes granting retroactive effect to these measures to April 1, 2017.

5.7 New taxation moment share option rights (not part of the 2023 Tax Plan package)

As part of the previous Tax Plan package, the bill on the Share Option Rights Tax Scheme (Amendment) Act redefines how employee share option rights are taxed for payroll tax and social security contributions purposes. Under current legislation, the taxation moment for share option rights is the moment the options are disposed of or exercised; even if the shares that are acquired by exercising the options cannot immediately be sold. Tax must then be paid, but there is no liquidity. This is especially the case with start-ups and scale-ups. Under the bill, an employee can in that case elect to defer the taxation moment. Taxation will then take place at the time the acquired shares become tradable, on the then applicable value. 'Become tradable' is defined as the moment on which any sale restrictions are lifted and the employee may sell the shares they acquired upon exercising the option. This concerns an elective scheme. The employee can still continue to elect to have taxation take place at the time the share option right is exercised and then to subsequently enjoy the further increase (or decrease) in the value of the shares in Box 3.

To prevent improper use and long-term deferral of taxation, additional rules have been stipulated with regard to shares that cannot be traded, that become only partly tradeable or that become fully tradeable. If an employee is not allowed to sell the acquired shares due to a contractual restriction, the taxation moment will be deferred for a maximum of five years after the IPO of the company in which the shares are held. If the company is listed, the deferral is a maximum of five years after the share option right was exercised. Benefits such as dividends that are paid in the meantime, are taxed as salary.

Initially, the new scheme was to take effect on January 1, 2022. However, the Lower House of Parliament had doubts about both the costs of enforcement and the generic application of the bill. On November 10, 2021 it was therefore decided to stay the bill and examine it further. Since then, numerous options have been explored to, on the one hand, reduce the costs of enforcement and, on the other, restrict the generic application. The results of this have not given the Deputy Minister of Finance cause to change his mind: the bill has not changed in substance, only the effective date has been moved up to January 1, 2023. The Lower House of Parliament passed the bill on June 28, 2022.

The new scheme means that the current tax credit for share option rights for start-ups with an R&D declaration will end as of January 1, 2023.

5.8 Decrease in maximum list price for reduced addition to income for zero emission company cars (not part of the 2023 Tax Plan package)

As of 2023, the maximum list price on which the reduced addition to income of 16% for zero emission company cars (cars without CO_2 emissions) is calculated (the cap) will decrease from EUR 35,000 to EUR 30,000. The normal addition to income of 22% will apply to the excess. An exception applies to hydrogen-powered cars and solar cars. For these cars, the reduced addition to income percentage applies to the full amount of the list price.

5.9 Act on Future of Pensions (not part of the 2023 Tax Plan package)

In 2019 the government and employers' and employees' organizations agreed a broad package of measures for the Pension Agreement. These measures were elaborated on in the bill on the Act on Future of Pensions, which the Minister for Poverty Policy, Participation and Pensions, Ms. Schouten, presented to the Lower House of Parliament on March 30, 2022. Pensions will become more flexible and more in line with economic developments. Participants in pension plans can also expect more transparency about these pension plans and there will be a shift to personal pension capital. Everyone will start accruing a pension via a contribution scheme. The focus will be on the pension contribution, which will be the same for all ages.

The bill also contains agreements to look at the current system from the viewpoint of the new system during the transition period (2023-2027). Pension funds that also intend to transfer current pensions to the new system (i.e. 'convert' the pensions) may use more flexible indexation rules to calculate with, although this will be subject to conditions. As a result, there is already more insight into the indexation in the run-up to the transition to the new system. For 2022, a separate policy statement will arrange for funds to be given leeway to index more quickly in anticipation of the new Pensions Act. The expectation is that the rules will apply as of January 1, 2023, but this depends on how long the Lower and Upper Houses of Parliament take to debate the legislation. The employers' and employees' organizations and pension administrators will then have four years to adapt their pension plans to the new legislation, i.e. until January 1, 2027.

6 VAT

6.1 Zero VAT rate for solar panels on residential properties

EU Member States are permitted to apply a zero VAT rate to the supply and installation of solar panels on residential properties. The government proposes to make use of this option from 2023 onwards. By applying a zero rate, the purchase of solar panels and their installation on residential properties will no longer be subject to VAT. This pertains to solar panels that are installed on top of roof covering as well as to integrated solar panels that act as roof covering. Consequently, private individuals will no longer have to recover VAT on their solar panels. In addition, they will usually not have to register any more for the small business scheme if they feed back less than EUR 1,800 worth of electricity to the grid on an annual basis. As a result, solar panels can be installed on residential properties without being subject to VAT and VAT requirements in most cases.

6.2 Standard rate for nitrous oxide

Based on a judgment by the Arnhem-Leeuwarden Court of Appeals of June 1, 2021, the supply of nitrous oxide (laughing gas) cannisters used in whipped cream aerosols is subject to the reduced VAT rate (9%). The government finds this objectionable because nitrous oxide is being used by some people as a recreational intoxicant. The supply of nitrous oxide will be excluded from the reduced rate. The reduced rate *will* continue to apply to nitrous oxide used for medical purposes.

7 Procedural law amendments

7.1 More options for deferral of late payment interest

In exceptional circumstances, the collector may decide to defer the collection of tax debts. Based on current legislation and regulations, late interest payment is charged after the only or last tax installment has fallen due in such situations too. This may have an unreasonable effect, for instance if the taxpayer cannot be blamed for the deferral of the collection. At present, the Tax Collection Act 1990 provides an exhaustive list of situations in which no late payment interest is charged. This Act will be amended to better cater for the wish to not charge late payment interest in exceptional circumstances. This amendment means that it can be decreed by Order in Council that no late payment interest will be charged in a specific situation.

7.2 Interest stop and customization of interest on tax due (not part of the 2023 Tax Plan package)

Interest on tax due is limited in two respects in the Bill on the Tax Miscellaneous Provisions Act 2023. First of all, for supplementary tax assessments (remittance-based taxes), the period for which interest on tax due is charged will, upon request, be shortened to ten weeks after that request. If a supplementary tax assessment is imposed later than ten weeks after the request, no more interest on tax due will be charged for the period after those ten weeks. An adjustment return (payroll taxes), for instance, will qualify as a request for imposing a supplementary tax assessment. This amendment will take effect on January 1, 2023, but it will not be applicable to VAT for the time being. An interest stop is already in effect for assessment-based taxes. Secondly, a customization scheme will be implemented for interest on tax due. Interest on tax due has proven to be excessive in some cases, particularly if it is charged for a period during which the funds had already been transferred to the tax authorities. Starting from January 1, 2023, the tax inspector can be requested, in such cases and in a separate number of designated cases in which interest on tax due is excessive as well, to reduce the interest on tax due. This request can be made if the interest on tax due has been imposed on tax assessments that have not become final and irrevocable on January 1, 2023. This customized scheme will not be applicable to VAT and wage tax for the time being.

8 Inheritance and gift tax

8.1 Gift tax exemption for owner-occupied home (tax-free lump sum) – reduction in 2023 and abolition in 2024

The gift tax exemption for an owner-occupied home, i.e. a tax-free lump sum, which currently amounts to EUR 106,671, will be abolished with effect from January 1, 2024. As of January 1, 2023 the exemption will be reduced to the amount of the one-off increased exemption for gifts from parents to their children between the ages of 18 and 40 (2023: EUR 28,947). This effectively means that the exemption for money gifted by parents to their children to put toward an owner-occupied home will be abolished. After all, unlike the gift tax exemption for an owner-occupied home, the 'standard' one-off increased gift tax exemption is not subject to spending conditions. The gift tax exemption for an owner-occupied home will stay relevant in 2023 for gifts made to children who are 40 or over and to non-children.

Together with the reduction as of January 1, 2023 and the abolition as of January 1, 2024, the government proposes to discontinue the current spreading option – the unutilized portion of the tax-free lump sum can still be used in the subsequent two years – for gifts to be put toward an owner-occupied home that are first made in 2023 and to limit the spreading option for gifts to be put toward an owner-occupied home that were made in 2022 to two years. This means specifically that any unutilized portion of the exemption of EUR 106,671 for a gift made in 2022 can still be utilized for a gift made in 2023. It cannot be utilized for a gift made in 2024.

9 Real estate transfer tax

9.1 Increase in general rate to 10.4%

The government proposes to increase the general real estate transfer tax rate from 8% to 10.4% as of January 1, 2023. It had been announced previously that the 8% rate would be raised to 9% and 10.1% respectively, but this will now be increased to 10.4%. The purchase of a home by a natural person who will use it as their principal residence will continue to be taxable at 2%, or at 0% if the first-time buyer's exemption applies. As a result of this measure, any purchases of property other than a principal residence will be subject to a higher rate of tax. The scheme will be reviewed in the course of 2024.

10 Environmental taxes

10.1 Tightening of CO_2 tax on industrial emissions

One of the goals of the Climate Agreement is to reduce industrial greenhouse gas emissions by 14.3 megatons by 2030. The CO_2 tax on industrial emissions was introduced on January 1, 2021 to achieve this reduction target for industrial emissions. Industrial companies emitting more than their exempt emission allocation are required to pay tax on the excess emissions. The exempt emissions are allocated in the form of tradable dispensation rights. The number of dispensation rights will gradually be reduced to an emission allocation that corresponds to the emission reduction target for 2030.

One of the measures from the coalition agreement is to tighten the current CO_2 tax on industrial emissions so as to achieve an additional 4 megaton reduction on the current reduction target of 14.3 megatons by 2030. To implement this measure, the present legislative amendment will, on balance, result in an accelerated linear reduction in the number of dispensation rights for industrial companies. With effect from January 1, 2023 the reduction factor will be adjusted linearly. This is expected to result in a reduction in dispensation rights by 4.85 megatons by 2030. The reduction factor will drop from 1.227 (revised reduction factor) to 1.213 in 2023. The annual reduction in the reduction will increase as well, from 0.064 to 0.078.

The rate structure of the CO_2 tax on industrial emissions will not change on January 1, 2023. It will be reviewed in 2024 whether the CO_2 tax on industrial emissions might have to be adjusted as of January 1, 2025 in order to achieve the increased emission reduction target.

10.2 Minimum CO_2 Price for Industrial Emissions Act

As agreed in the coalition agreement, January 1, 2023 will see the introduction of a minimum CO_2 price for industrial emissions. This minimum CO_2 price is part of the existing CO_2 tax on industrial emissions and comes in addition to the proposed evaluation and tightening of this tax. Besides the existing rate, a second rate of CO_2 tax on industrial emissions will be introduced. This means that a minimum price will also be in effect for emissions subject to dispensation rights for CO_2 tax on industrial emissions. As a result, all industrial greenhouse gas emissions will be governed by a minimum price.

The government has now decided to equate the minimum CO_2 price for industrial emissions to the minimum CO_2 price for electricity generation. This means that the minimum CO_2 price for industrial emissions, exclusive of the reduction by the EU ETS forward price, will rise linearly from EUR 16,40 in 2023 to EUR 31.90 per ton of carbon equivalent in 2030. This is lower than the existing rate of the CO_2 tax on industrial emissions, which will increase linearly from EUR 52.62 in 2023 to EUR 128.71 per ton of carbon equivalent in 2030.

The minimum CO_2 price will be payable by taxpayers subject to the current CO_2 tax on industrial emissions. These are companies operating industrial installations. The minimum CO_2 price will also apply to waste incineration and nitrous oxide installations.

10.3 Interrelated amendments to Environmental Taxes Act and Sustainable Energy and Climate Transition (Surcharge) Act

- It was agreed in the coalition agreement that the energy tax rates would be changed so as to create an incentive for reducing the use of natural gas and promoting electrification. To implement this measure, the government proposes to reduce the rate for electricity in the first consumption band and to increase the rate for natural gas in the first consumption band with effect from 2024.

- To boost the sustainability drive, the government proposes to reduce the degressivity of the energy tax rate structure by EUR 500 million on a structural basis and to reduce the rate for electricity in the second and third consumption bands by EUR 500 million on a structural basis. These changes will be incorporated into the energy tax rates in two steps in 2024 and 2025.

- In accordance with the coalition agreement, the government is working on a bill for a blending obligation for green gas. This will cause the consumption cost of natural gas to rise, since green gas is more expensive than natural gas. To counteract this effect, the government proposes to increase the tax credit per residential electricity connection on a structural basis, starting from January 1, 2023.

- The government proposes to integrate the surcharge for sustainable energy (*Opslag Duurzame Energie*; ODE) into the energy tax rates with effect from January 1, 2023, after which the surcharge will be reduced to EUR 0 and the related act will be repealed as of January 1, 2024. The surcharge was introduced to finance the Sustainable Energy Production Incentive and Climate Transition Scheme (*Stimulering Duurzame Energieproductie en Klimaattransitie*; SDE++) and is based on the same methodology as the energy tax. Now that SDE++ has been carved out, the reason for the surcharge as a separate tax over and above the energy tax has become obsolete. That is why the government proposes to abandon the surcharge as a separate tax and to integrate the rate structure of the surcharge into the energy tax. This results in a simplification of the tax system.

- Finally, the government and the energy companies have reached an outline agreement on measures to reduce the energy bill. They have agreed on a price ceiling. The crux of the plans is that the government will pay part of the energy bill of households starting from January 1, 2023. Advance payments will be reduced for the months of November and December 2022. To fund the price ceiling, the government is looking at reversing the reduction in energy tax.

10.4 Increase in air passenger tax

The rate of air passenger tax will be increased by EUR 17.95 with effect from January 1, 2023. Given that the current rate of EUR 7.947 is indexed annually, the new rate, including indexation and the reduction, will be EUR 26.43 per departing passenger. The structure of the air passenger tax will not change.

11 2023 Tax Plan package - miscellaneous

11.1 Consumption tax

- The **consumption tax on non-alcoholic beverages** will be increased by EUR 11.37 per 100 liters on January 1, 2023, resulting in a rate of EUR 20.20 per 100 liters.
- **Mineral water** will be exempted from consumption tax on non-alcoholic beverages starting from January 1, 2024. As of that date, the rate will also see another slight increase to EUR 22.67 per 100 liters.

11.2 Excise duties

- The government proposes to continue the reduced excise duties on **unleaded petrol, diesel and liquefied petroleum gas (LPG)** that have been in effect since April 1, 2022 and will be in effect until year-end 2022 through to June 30, 2023. Consequently, the excise duties for unleaded petrol, diesel and LPG will again be 65.1 eurocents, 41.7 eurocents and 15.35 eurocents respectively as of January 1, 2023. For the period from July 1 through December 31, 2023, the government proposes to occasionally offer partial compensation for high fuel prices. As a result, the excise duties per liter will be 78.91 eurocents, 51.63 eurocents and 18.82 eurocents for unleaded petrol, diesel and LPG respectively as of July 1, 2023.
- The lowest rate of **beer duty** (for light beer) corresponds to the rate of consumption tax on non-alcoholic beverages. With effect from 2023 and 2024, this rate will be increased by the same amounts as the rate of consumption tax on non-alcoholic beverages. This means that the rate will be EUR 20.20 per 100 liters in 2023. Starting from 2024, the rate will be EUR 22.67 per 100 liters.
- The rate of duty on **smoking tobacco** per kilogram and that on 1,000 **cigarettes** will be raised by EUR 50.33 in both April 2023 and April 2024. The tobacco duty will be increased such that the average retail price of a pack of 20 cigarettes will be about EUR 10 by 2024.
- The duty on **cigars**, which currently is 9% of the retail price, will be increased by 1 percentage point in both 2023 and 2024.

11.3 Motor vehicle tax (BPM and MRB)

- The **exemption from motor vehicle tax for company vans (BPM)** will be abolished with effect from January 1, 2025. The tax base for BPM on vans is currently the vehicle's net list price. This will be changed to its CO_2 emissions, so that the exemption for zero-emissions vans will remain intact. This measure will equate the BPM tax base for vans to that for passenger cars. In addition, the rate of motor vehicle tax for company vans will be increased in 2025 and 2026.

11.4 Conditional increase in Mining Act fee

The government proposes a solidarity contribution by means of a temporary increase in the fee under the Mining Act. This will be achieved by introducing a temporary fee of 65% for the portion of a company's revenues that has been generated by the sale of natural gas at a price exceeding EUR 0.50 per m^3. This partial increase would apply exclusively to revenues achieved in the years 2023 and 2024, both on-shore and off-shore. At the same time, the government is engaging with oil and gas companies about a solidarity contribution from them. The government is reviewing whether it would be possible to make binding agreements with oil and gas companies prior to the vote on the 2023 Tax Plan package. The contribution they agree on would, on balance, have to correspond to the proceeds of the fee increase as a minimum. If they manage to come to an agreement, this contribution could replace the fee increase for 2023 and 2024. If the parties do as agreed, the fee will not be increased in 2023 and 2024.

12 Other tax developments

There are a number of other relevant tax-related developments that are not part of the 2023 Tax Plan package. We will address some of these briefly below.

12.1 Combating arrangements and evaluated schemes, including business succession schemes

The government has announced that it will make an effort in the coming years to combat unusual tax arrangements and negatively evaluated tax schemes with the objective of raising up to EUR 550 million on a structural basis. In this process, it will consider such arrangements as leased real estate in the business succession scheme (*bedrijfsopvolgingsregeling*; BOR). At the end of this year or the first half of next year, the government will formulate a response to the evaluation of the business succession scheme and the transfer facility (*doorschuifregeling*; DSR). The outcome will probably be included in the 2024 Tax Plan. The Budget Memorandum shows that the measures will not produce any proceeds until 2024. This would seem to imply that the measures, such as that for a more austere business succession scheme and transfer facility, will not take effect until January 1, 2024. It remains to be seen whether these measures will effectively be implemented.

12.2 Amendment of tax qualification policy for legal forms

The internet consultation on the Bill on the Tax Qualification Policy for Legal Forms Amendment Act ran from March 29 through April 26, 2021. The aim of this bill is to qualify certain legal forms differently than in the past, the reason being that the current qualification policy often causes international mismatches. However, as a result of the proposed changes, purely domestic situations in which there are no mismatches will also be affected. This is particularly the case with open limited partnerships (*open commanditaire vennootschappen*) and mutual funds (*fondsen voor gemene rekening*). Open limited partnerships will, by definition, be transparent. Whether mutual funds will be open or closed under the new rules, depends on the new legal criteria that will then apply. This may, for example, have implications for existing investment structures in which a fund has the status of fiscal investment institution (*fiscale beleggingsinstelling*; FBI) or structures that were set up in connection with the coming into effect of the UBO register or in order to invest Box 3 investment capital in Box 2. The consultation proposal thus has a broad impact, with potentially far-reaching consequences. If a legal form is qualified differently, this will in principle result in tax claims having to be settled. However, transitional rules offer opportunities for avoiding the settlement of these claims.

The bill was meant to be part of the Tax Plan 2022 package with an intended effective date of January 1, 2022. However, in view of the many substantive responses during the internet consultation, the Deputy Minister of Finance has decided to deviate from this in order to see where and to what extent justice can be done to the concerns expressed during the internet consultation. The initially intended amendment of the definition of mutual funds will not be part of the bill, but will be considered later within a broader framework.

12.3 Pillar 2

On December 20, 2021 the OECD published the Global Anti-Base Erosion (GloBE) Model Rules. These model rules, which are also known as Pillar 2, are part of the BEPS 2.0 project and offer governments a template for implementing the Pillar 2 agreement that was reached in October 2021 by 137 jurisdictions in the OECD/G20 BEPS Inclusive Framework. The GloBE rules aim to impose a global minimum tax rate of 15% on multinational enterprises with revenues of EUR 750 million and above. On December 22, 2021 the European Commission published a proposed EU Directive to incorporate Pillar 2 into EU law. The directive generally mirrors the OECD model rules, but it is in broader in scope to include large groups that are based in just one EU member State (large-scale purely domestic groups). The proposed directive also clarifies the interaction between the Pillar 2 Income Inclusion Rule (IIR) and existing EU legislation on controlled foreign companies (CFCs). While the EU Member States have yet to reach agreement about the directive, it is expected to be implemented with effect from 2024. The Netherlands did, however, on September 9, 2022, issue a joint statement with Germany, France, Italy and Spain saying that it would implement the 15% global minimum tax rate as early as in 2023 in any event, even if the EU Member States do not come to an agreement in the coming weeks.

12.4 Directive to prevent misuse of shell entities

On December 22, 2021 the European Commission published a proposal for a directive laying down rules to prevent the misuse of shell entities and arrangements for tax purposes. The proposal stems from the Communication on Business Taxation for the 21st century that was released on May 18, 2021. The directive provides for the Anti-Tax Avoidance Directive (ATAD) and the Directive on Administrative Cooperation to be amended. The directive, also referred to as ATAD3, contains a list of features ('gateways') for identifying entities that lack minimum substance. Entities that meet all three gateways and that cannot make use of a carve-out or exemption are regarded as high-risk entities and must report on their substance in their annual tax return. Entities that do not meet all the substance requirements referred to in the directive are presumed to be shell entities (also known as conduit companies). These types of entities will be denied a number of tax benefits available under directives and tax treaties, unless they are able to refute this presumption. The data reported by entities falling under the scope of the directive will automatically be exchanged between Member States and may be subject to tax audits.

12.5 Bill on implementation of EU Directive on the exchange of information in the digital platform economy (DAC7)

On March 23, 2022 Deputy Minister of Finance Mr. Van Rij presented the bill on the EU Directive on Information Exchange in the Digital Platform Economy (Implementation) Act to the Lower House of Parliament. This bill regulates, among other things, the introduction of a reporting obligation for digital platform operators to provide the Dutch tax authorities with information about certain users ('sellers') on their platform. This obligation stems from Council Directive (EU) 2021/514 (DAC7) and will apply for the first time to financial years commencing on or after January 1, 2023, with January 31, 2024 as the first reporting deadline.

12.6 Implementation of Directive on public country-by-country reporting

On December 21, 2021 an EU directive came into force as regards the disclosure of income tax information by certain undertakings and branches. EU Member States are expected to have implemented this directive by June 22, 2023 at the latest. The Dutch implementation bill was presented to the Lower House on July 1, 2022 in the form of an amendment of Book 2 of the Civil Code.

The domestic rules will then have to take effect no later than June 22, 2024. These rules will apply to financial years commencing on or after June 22, 2024. Under the directive, such entities as the ultimate parent company of multinationals whose total consolidated revenue amounts to EUR 750 million or more and independent companies with EUR 750 million or more in revenues are required to prepare and disclose country-by-country income tax information reports on an annual basis.

12.7 European Commission proposal: tax on excess profits of fossil fuel companies

On September 14, 2022 the European Commission proposed a package of emergency measures designed to jointly address the energy crisis. In this context, the Commission proposed a regulation that forces fossil fuel companies to pay a temporary solidarity contribution on excess profits generated from activities in the oil, gas, coals and refinery sectors in the EU. This contribution is expected to generate approximately EUR 25 billion. EU-based companies or permanent establishments in the oil, gas, coal and refinery sectors that generate at least 75% of their revenues in these sectors will qualify as taxpayers in this regard. The contribution, which would be collected by Member States over and above the existing taxes, would be time-limited to excess profits generated in 2022. This applies to profits that are above a 20% increase on the average profits for the previous three years. In other words, the reference period spans the three financial years commencing on or after January 1, 2019. Profits would have to be determined as per the domestic rules of the Member States and taxed at a rate of at least 33%.

The EU energy ministers are expected to address the proposed regulation at the next ordinary Council meeting on September 30, 2022. In response to the proposals, the Dutch government has said that it will study the package.

KPMG Meijburg & Co
September 20, 2022

The information contained in this memorandum is of a general nature and does not address the specific circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.