

Budget Day was here again. The government submitted the Tax Plan with the tax measures for 2019 to the Lower House of the Dutch Parliament. Here you will find an overview of the measures included in the Tax Plan.



See
www.meijburg.com
for more
information about
the 2019 Tax Plan

Main features of the 2019 Tax Plan

1. Corporate income tax

- Gradual reduction of tax rates to 16% / 22.25% in 2021
- Only possible to depreciate buildings in own use for corporate income tax purposes to 100% of WOZ value
- Abolition of interest deduction limitation for excessive participation interest and excessive acquisition interest
- Abolition of limitation of holding company loss set-off
- Abolition of legal tax deduction of remuneration on additional Tier 1 capital instruments (COCOs).
- Remittance reduction for fiscal investment institutions (FBIs) canceled for dividend withholding tax purposes
- FBIs will no longer be permitted to invest in Dutch property

2. Personal and corporate income tax

- Carry forward loss set-off period in Box 2 and for corporate income tax purposes shortened from 9 to 6 years
- Environmental investment allowance and free depreciation on environmental assets continued; energy investment allowance also continued, but deduction percentage reduced from 54.4% to 45%

3. Personal income tax

- Introduction of a 'flat tax'
- As of 2020, less benefit from deduction items such as mortgage interest, alimony and gifts
- DMS debt to own BV > EUR 500,000 taxable in Box 2
- Box 2 tax rate gradually increased to 26.9% in 2021
- Expats with 30% ruling will fall outside the partial foreign taxpayer scheme sooner
- Nationally Listed Buildings: as of 2019 only grants for maintenance (instead of deduction)

- Lower protective assessments upon emigration to a country that has exclusive right to tax income from pensions and life insurance

4. Payroll taxes

- Term of 30% ruling shortened from 8 to 5 years
- Volunteers allowance increased from EUR 1,500 to EUR 1,700
- Introduction of addition to income for the private use of bicycle of 7% as of 2020
- Elaboration of measures to replace the Assessment of Employment Relationships Deregulation Act (*Wet deregulerend beoordeling arbeidsrelaties*; DBA Act)

5. Withholding taxes

- Current dividend withholding tax abolished as of January 1, 2020
- Introduction of withholding tax on dividends (as of 2020) and on interest and royalties (2021) to affiliated entities in low-taxed jurisdictions and in abuse situations

6. VAT

- Low VAT rate to increase from 6% to 9%
- Small businesses scheme to be modernized
- Expansion of VAT exemption for sport
- Implementation of VAT e-Commerce Directive.



Main features of the 2019 Tax Plan (continued)

Budget Day was here again. The government submitted the Tax Plan with the tax measures for 2019 to the Lower House of the Dutch Parliament. Here you will find an overview of the measures included in the Tax Plan.

See www.meijburg.com for more information about the 2019 Tax Plan

7. Procedural law amendments

- Possibility of tax claims when benefiting from a voluntary legal transaction
- The Tax Collector can, in certain circumstances, claim a higher amount if an inheritance is accepted without an inventory having been made
- Amendment of interest on tax due rules
- Alternative notification of tax assessments for (presumed) dissolved legal entities
- Information obligation expanded to potentially liable parties
- Extension of evaluation period for broadened offender definition

8. Tax Plan miscellaneous

Green tax measures

- Increased energy tax rates for gas and decreased tax rates for electricity
- Reduction of energy tax credit from EUR 308 to EUR 257
- Waste tax rate for landfill and waste incineration increased
- Abolition of private motor vehicle and motorcycle tax (BPM) refund for taxis
- Reduction of landlord charge if homes are made more energy-efficient
- Amendment of tax rates in the Heavy Motor Vehicles Taxation Act (*Wet belasting zware motorrijtuigen*)

Tax on games of chance

- Equal treatment of land-based and distance sports betting
- Motor Vehicle Tax Act surcharge for 'dirty' diesel cars will take effect at a date still to be determined instead of on January 1, 2019

Implementation of the First European Anti-Tax Avoidance Directive (ATAD1):

- *Earnings stripping measure:* As of 2019 a generic interest deduction limitation will be introduced limiting interest deduction to 30% of the fiscal EBITDA (or EUR 1 million, whichever is higher)
- *Thin cap rules:* The minimum capital rule for banks and insurers that was announced for 2020 is expected to be included in a bill to be introduced in 2019
- *CFC measure:* Tax on passive income of CFCs in low-taxed jurisdictions (<7%) or in countries on EU blacklist, unless CFC performs an economic activity of substance
- *General anti-abuse provision:* GAAR already worked out in case law (fraus legis doctrine)
- *Exit tax:* payment deadline for corporate income tax shortened from 10 to 5 years, less collateral required

