TAXAND

Newsflash:
Measures against incentives to split-up taxpayers voted against

During the parliamentary discussions of the 2022 tax plan, the opposition introduced a series of amendments to amend the Dutch Corporate Income Tax Act. Part of the proposed amendments (filed by Maatoug) to the 2022 tax plan were measures against incentives to split-up taxpayers.

- **€1 mio threshold earnings stripping rule:** Under the proposed amendment the €1 million threshold in the earnings stripping rule (i.e. interest deduction limitation) could only be applied once within a group. This can currently be applied per taxpayer and thus multiple times within a group.
- **15% step-up rate CIT:** Under the proposed amendment the step-up corporate income tax rate of 15% for the first €245,000 of annual profit (2021), increased to € 395,000 in 2022 could only be applied once per group. This can currently be applied per taxpayer and thus multiple times within a group.
- **Group definition:** For purposes of the above measures, a group was defined as a shareholder relationship of 75% or more. To claim the aforementioned facilities under the proposed amendment, a request had to be filed by the respective group companies to claim the step-up rate or €1 million threshold.

The parliament voted against the aforementioned amendments on 11 November, 2021. The (outgoing) State Secretary of Finance has indicated that a study will be conducted to examine the risk of splitting up of taxpayers more thoroughly. No further details about this study have been announced yet.

Taxand take:
Although these proposals have been voted against as part of the 2022 tax plan we expect that these measures against splitting up of taxpayers may come back on the agenda next year in some other form after the study requested by the State Secretary of Finance has been performed.