

All Aboard? The Dutch Take on the Taxation Omnibus Proposal

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1. Introduction

In summer 2026, the European Commission adopted the [Taxation Omnibus Proposal](#), which seeks to simplify EU tax rules, reduce administrative burdens, facilitate cross-border investment, strengthen the internal market and support EU competitiveness by amending six direct-tax directives: the [Interest and Royalties Directive \(2003/49\) \(IRD\)](#), [Merger Directive \(2009/133\) \(MD\)](#), [Parent-Subsidiary Directive \(2011/96\) \(PSD\)](#), [Anti-Tax Avoidance Directive \(2016/1164\) \(ATAD\)](#), [Tax Dispute Resolution Mechanisms Directive \(2017/1852\)](#) and [Directive on Faster and Safer Relief of Excess Withholding Taxes \(2025/50\) \(FASTER\)](#). If adopted as proposed, the changes would generally have to be implemented by January 2029.

This wide-ranging reform of EU direct taxation has prompted legislatures and governments to assess its practical, legal and budgetary consequences. This note considers the Netherlands' response so far.

2. A Summer of Silence

The adoption of the Taxation Omnibus on 24 June 2026 occurred one week before the summer recess of both houses of the Dutch parliament, which ran until 31 August 2026. This, understandably, meant that official political responses were non-existent during the summer.

Then, on 27 August 2026, the government published a so-called [BNC Fiche](#) – a document which sets out the Dutch government's position on a new EU legislative proposal and forms the basis for the Netherlands' participation in the ensuing EU negotiations on the Taxation Omnibus. It also summarizes the proposal and assesses its potential legal, economic, administrative and policy implications for the Netherlands.

After the parliament returned, the Lower House's permanent finance committee sent the government a [letter](#) on 3 September 2026 invoking the parliamentary scrutiny reservation, formally asking it not to agree to the Taxation Omnibus until the parliament had examined and debated the proposal. This mechanism, reserved for proposals considered especially important, carries enhanced oversight and information rights. The letter specified what information the parliament wanted and by when. On 8 September 2026, the government [responded](#), essentially accepting those requests.

3. The Dutch Position

The BNC Fiche makes clear that budgetary cost is perhaps the government's main concern. While endorsing the Taxation Omnibus' objectives – simplification, a stronger business and investment climate and greater innovation – it will assess whether the measures are proportionate to their cost and are the most cost-effective means of achieving those objectives.

What follows is an overview of the main issues into which the BNC Fiche dives more deeply.

> PSD, IRD and FASTER

Despite the significant expected costs, the Netherlands broadly supports abolishing withholding taxes on cross-border dividends, interest and royalties between EU entities, viewing them as obstacles to free movement of capital and a source of internal-market fragmentation. It particularly welcomes an up-front exemption in place of sometimes lengthy refund procedures, consistent with the Dutch system.

The government then sets out several concerns it has:

- the measures should remain limited to intra-EU situations and not create unintended consequences for transactions involving third countries (with special regard to payments made to jurisdictions with territorial tax systems);
- any withholding tax exemption must be protected against abuse, tax avoidance and tax arbitrage, as these may, among other things, give rise to new tax planning structures and create opportunities for arbitrage, including in the personal income tax sphere;
- the 5% ownership threshold that underpins the dividend withholding tax exemption and the participation exemption would have to be abolished to maintain equality between Dutch domestic and intra-EU dividend payments. Further, the threshold serves to distinguish (active) business participation holdings from portfolio investment activities, meaning its removal could have a potentially significant (negative) impact on the functioning of other areas of the tax system, notably the interaction between Box 2 and Box 3; and
- obligations under existing tax treaty measures must not be impacted when addressing payments to low-tax third countries.

The government also supports the proposed pension-fund reforms, as an EU-wide clarification of exemption conditions would increase certainty for Dutch funds investing elsewhere in the European Union. However, the proposed definition of pension fund is wider than under Dutch law, so more non-resident funds would qualify for the dividend withholding tax exemption, increasing the revenue loss.

> ATAD

The Netherlands is most critical of the proposed ATAD amendments, because it believes the emphasis on improving the business climate comes at the expense of the ATAD's original function: combatting tax avoidance. In particular, the Netherlands notes that the Taxation Omnibus leads to a cumulation of exemptions from the interest limitation rule which could substantially hinder the tackling of base erosion and profit shifting.

In relation to ATAD, the BNC Fiche notes, among other things, that:

(i) EBITDA-based interest deduction:

- a separate exemption for third-party debt is – at first glance - unnecessary if the EBITDA threshold is increased to 30% and a group exemption is introduced, as these changes may, if not properly defined, lead to manipulation;
- a rule allowing full interest deductibility following a 50% decline in operating results is also questionable given the existing unlimited carry-forward of disallowed (i.e. non-deducted) interest;
- the proposed mandatory exemptions for the defence industry from the EBITDA-based interest deduction rule are not straightforward, as (i) there are issues regarding companies that produce dual-use goods (i.e. goods

that can serve both defence and non-defence purposes; and (ii) the Dutch defence industry consists mainly of SMEs, meaning the exemption will not benefit them as much;

- the Netherlands proposes harmonizing the core thresholds – the EUR 3 million threshold and the 30% EBITDA threshold – while leaving both existing and any newly proposed exemptions optional. This would allow Member States to continue to balance investment objectives, public interests and anti-avoidance concerns according to their national circumstances. To help achieve its goals for creating social and affordable housing, the Netherlands will determine whether the public-infrastructure exemption or another proposed (adapted) exemption would provide the most effective support.

(ii) CFC:

- the Netherlands supports (i) the harmonized application of Model A of the CFC rules, as this will strengthen its effects; and (ii) the removal of any overlap between the CFC rules and the Global Minimum Tax, but not through additional conditions, as these are already being addressed by the OECD/Inclusive Framework; and
- EU Member States should retain the right to have similar or additional measures in place, as the ATAD sets *minimum* standards (the Tax Omnibus proposes to eliminate this possibility) It also insists that Member States should remain free to retain national anti-avoidance measures.

(iii) GAAR & R&D deduction

- The Netherlands broadly supports the changes proposed by the Taxation Omnibus, noting that, in relation to the GAAR, it would like to see the relationship between the general anti-abuse rule, specific anti-abuse rules and CJEU case law clarified. In relation to the R&D deduction, the Netherlands suggests that immediate deduction for investment costs is clearly defined, administrable and, where possible, integrated into existing mechanisms such as accelerated or discretionary depreciation.

4. 80% Positive

The Netherlands considers the Taxation Omnibus consistent with the principles of competence and subsidiarity but is less positive on the proportionality principle. It generally supports the PSD, IRD and FASTER changes but believes the higher thresholds and mandatory ATAD exemptions go beyond what is necessary (to achieve their goals) and leave governments too little room to adapt measures to national circumstances. It also argues that enhancing EU competitiveness comes (partly) at the expense of ATAD's anti-avoidance and tax-base-protection objectives and in doing so weakens the balance between competitiveness and effective anti-avoidance. The government therefore proposes, among other things, the alternatives outlined above.

5. Less Red Tape, More Red Ink?

Though broadly supportive of the objectives of the Taxation Omnibus proposal, the government notes that the proposal's benefits must carefully be weighed against the significant fiscal cost for the Netherlands.

According to the government's preliminary estimates, the proposal could result in an annual revenue loss of approximately EUR 3.55 to 4.7 billion, mainly due to the expansion of the PSD (EUR 2 to 2.5 billion) and the relaxation of the ATAD interest limitation rules (EUR 1.5 to 2 billion), with an additional EUR 50 to 200 million associated with the proposed R&D investment deduction.

These costs must be weighed against the economic benefits, but the BNC Fiche gives no Netherlands-specific estimate. The Commission projects EU-wide benefits of EUR 5.3 billion annually from lower taxes and compliance costs, plus unquantified gains from competitiveness and growth. The government will therefore assess whether gains in competitiveness, investment, innovation and simplification justify the budgetary losses or whether more targeted, less costly measures could achieve the same aims.

6. Destination Agreed, Fare Disputed, Departure Time Unknown

The Taxation Omnibus may be difficult for the Commission to land: significant immediate revenue losses must be offset by benefits that remain hard to quantify, requiring Member States to trust that the latter will eventually exceed the former. Adoption requires unanimity, which may be difficult if several Member States face substantial upfront losses while already managing budget deficits.

In the Netherlands, the Jetten government lacks a parliamentary majority and cannot assume support for the Taxation Omnibus in its current form. Its cost would also come on top of the ongoing Box 3 saga, which is expected to cost billions in coming years and continues to trouble successive governments.

The Netherlands is therefore likely to remain supportive of the destination – simpler and more competitive EU tax rules – but drive a hard bargain over the fare. A bumpy, but interesting, journey lies ahead.

IBFD references:

- > EU tax law developments are reported on the daily IBFD [Tax News Service](#)
- > For an overview of legislative initiatives at the EU level on direct tax matters, see the [EU Direct Tax Law Initiatives Tax Dossier](#)
- > L. Ambagtsheer-Pakarinen & O. Popa, [Completing the Tax Simplification Package Series: Amendments to Dispute Resolution Mechanisms and Initial Developments](#), EU Tax Focus 19/2026 (21 August 2026)
- > A. Xygka, C. Valério & F. de Lillo, [ATAD through Taxation Omnibus Lenses](#), EU Tax Focus 18/2026 (17 August 2026)
- > [On the Taxation Omnibus and \(some comments on\) the DAC Recast Proposals – An interview with Benjamin Angel](#), EU Tax Focus 15/2026 (30 June 2026)
- > O. Popa, [Simplifying the “Older” Corporate Taxation Directives: Can the Omnibus Deliver on Such a Complex Task?](#) EU Tax Focus 13/2026 (26 June 2026)
- > O. Popa, [Navigating the Complexity of EU Rules in Direct Taxation: Legislative Clutter, Institutional Initiatives and Steps Toward a Sustainable Framework](#), 66 European Taxation 8 (2026)
- > M.E. Roche, [Complexity, Tax Systems and the European Union’s Competitiveness: The EU Tax Decluttering and Simplification Agenda Paradox](#), 66 European Taxation 6 (2026)