On 15 September 2015, the Tax Plan 2016 was presented to the lower house of the parliament by the Minister of Finance (see Netherlands-1642, News 15 September 2015).

The most important proposals regarding corporate income tax and dividend withholding tax, which unless otherwise indicated will apply from 1 January 2016, are summarized below.

**Implementation EU Parent-Subsidiary Directive amendments**

To implement EU Directive 2014/86 (on hybrid mismatches), the participation exemption rules and the participation credit system are amended. The participation exemption and the credit system will no longer apply for benefits (i.e. dividends or other payments) derived from a subsidiary in so far as these benefits are deductible for corporate income tax purposes. If the benefits or payments received are deducted from the acquisition price of the subsidiary, they will be qualified as taxable income.

Furthermore, to implement EU Directive 2015/121 (that introduced a general anti-abuse rule), the corporate income tax rules for non-residents and the dividend withholding tax rules for Dutch resident cooperatives are amended. A non-resident entity that holds a substantial shareholding (5% or more) in a Dutch resident company will be subject to corporate income tax if the substantial interest is held with the main purpose to avoid taxation and an artificial structure is put in place (i.e. a structure that does not have sufficient substance). In addition, Dutch resident cooperatives will also be obliged to withhold dividend withholding tax on dividends distributed to their members if tax avoidance is one of the main purposes and an artificial structure is put in place.

**Country-by-country reporting and transfer pricing documentation**

To implement action point 13 of the OECD project Base Erosion and Profit Shifting (BEPS project, see OECD-1, News 17 September 2014), new transfer pricing documentation obligations for multinational groups are introduced. Based on these obligations, multinational companies with consolidated group turnover of EUR 750 million must file an annual country-by-country report. In addition, Dutch taxpayers that are part of a multinational group with a consolidated turnover of at least EUR 50 million in the preceding year, should prepare an OECD-style "master file" and a "local file" for transfer pricing and branch allocation documentation purposes.

**Common Reporting Standard**

It is proposed to implement EU Directive 2014/107 (which amends the Mutual Assistance Directive [on administrative cooperation in the field of taxation] (2011/16)) together with the OECD’s Common Reporting Standard (CRS) into the Dutch law for international assistance with the levying of taxes (wet op de internationale bijstandsverlening bij de heffing van belastingen 1986, WIB). Financial institutions will be required to provide to the tax authorities certain data, such as balances on bank accounts held by individuals living abroad, etc. for information exchange purposes.

**Step-up for cross-border mergers or divisions**

For cross-border legal mergers or divisions, a step-up will become applicable. When a foreign company is merged into a Dutch company, the amount of contributed capital will be increased with the fair market value of the transferred assets (i.e. step-up). However, no step-up will be granted if the merger or division is mainly aimed at tax avoidance.

**Government enterprises**

The Law for modernization of the corporate tax obligations for government enterprises will enter into force and have effect from 1 January 2016. On that basis, all directly and indirectly owned government enterprises that carry out an economic activity are subject to corporate income tax. An exception to this rule applies to certain sea port operators and medical universities. In the Tax Plan 2016, some additional amendments to the Law were introduced that:

– deal with the taxation of profits derived by a government enterprise as a limited partner, and
– introduce a “reorganization” exemption for government enterprises.
See also

Netherlands-1642, News 15 September 2015
Netherlands - Corporate Taxation - Country Surveys sections 6.2.1., 6.3.1., 6.3.1.2., 7., 7.2.
Netherlands - Corporate Taxation - Country Analyses sections 0.4.1., 0.4.2., 1.1.4., 1.11.9., 6.1.1., 6.1.3., 7.1.1., 7.2.1.3.,
7.2.1.5., 7.2.6.2., 7.2.6.2.2., 7.2.6.4., 7.3.4.1., 7.4.2., 9.2.1.2., 9.2.1.4., 9.2.2.2., 9.2.2.3., 9.2.2.4., 10.1., 10.2.3., 11.5.
Netherlands - Holding Companies sections 1.1.1.5., 1.3., 1.3.6., 1.3.6.2., 2.8., 2.9., 4.1., 4.2.3., 4.3.2., 6.2., 6.2.2., 6.2.2.1.
Netherlands - Corporate Investment Income sections 1.3.1., 3.2., 3.3., 4.