

Netherlands

Government Sends Omnibus Tax Bill Impacting Deductions, Withholding Taxes to Lower House of Parliament

17 April 2023

Report from Marnix Schellekens, Principal Associate, IBFD

On 14 April 2023, the State Secretary for Finance submitted the 2024 Omnibus Tax Bill (*Fiscale Verzamelwet 2024*, the Bill) for parliamentary approval. The Bill contains a wide range of (mostly) minor items, technical changes and fixes to various tax laws.

The most notable changes are:

- an amendment to the definition of solar-powered cars to ensure that only cars with enough solar cells qualify for beneficial (benefit in kind) tax treatment;
- the removal, subject to conditions, of the requirement for "green banks" to have a separate banking licence (investors in such banks enjoy income tax benefits);
- a denial of the deduction of dividend withholding tax (DWHT) for corporate taxpayers that are taxed as non-residents and hold a substantial interest (>5%) in a Dutch company. For this group of companies, the taxable income from such a shareholding is currently determined under the rules of the Individual Income Tax Act 2001 (IITA 2001), which does not explicitly prohibit the deduction of DWHT;
- the Withholding Tax Act of 2021 (*Wet bronbelasting 2021*) will be amended to extend the group of withholding agents for the conditional withholding tax (CWHT) on dividends – which is set to apply from 2024 – to reverse hybrid entities; and
- the codification of the decree approving that civil servants posted abroad may benefit from all the tax credits that resident taxpayers have access to. Currently, the IITA 2001 deems such civil servants to be resident taxpayers for income tax purposes, but the 1964 Wages and Salaries Tax Act (*Wet op de loonbelasting 1964*) does not, meaning that the application of the relevant tax credits would not be possible under the 1964 Wages and Salaries Tax Act without the aforementioned decree.

The [Bill](#) and the accompanying [explanatory memorandum](#) are available on the Ministry of Finance's website in Dutch.

Note: With effect from 1 January 2021, a conditional withholding tax applies to interest and royalties paid by resident companies to affiliated entities situated in designated low-tax jurisdictions as well as in cases of tax abuse. The rate is set at 25.8% (the top rate of corporate income tax for 2022). From 2024 onwards, the CWHT will also apply to dividends.

Netherlands - Government Sends Omnibus Tax Bill Impacting Deductions, Withholding Taxes to Lower House of Parliament (17 Apr. 2023), News IBFD.

Exported / Printed on 7 Mar. 2024 by hkermadi@deloitte.lu.