

Netherlands

Netherlands Willing to Apply STTR, Stresses Need for Agreement on Taxing Mobile Labour

6 September 2023

Report from Marnix Schellekens, Principal Associate, IBFD

The State Secretary for Finance has indicated the Netherlands' readiness to apply a subject-to-tax-rule (STTR) in its treaties and stressed the importance of reaching agreement on the taxation of the hyper rich and globally mobile workers. The State Secretary stated this in an update to the lower house of the parliament on the outcome of the OECD's Inclusive Framework meeting on international tax reform held from 10-12 July 2023 (see [138 Countries and Jurisdictions Reach Historic Landmark Agreement on International Tax Reform \(12 July 2023\)](#)).

The most notable points of the State Secretary's letter to the parliament, which largely consists of a summary of the meeting and background on the "two-pillar solution", are as follows:

- the government considers the STTR a justifiable treaty provision (*gerechtvaardigde verdragsmaatregel*) and is prepared to apply it upon request from a treaty partner. However, there is uncertainty regarding whether such requests will be made. This uncertainty arises because, in principle, the relevant payments are already subject to an adequate level of taxation in the Netherlands, and the STTR would only come into play in cases where this is not the situation; and
- the Netherlands believes that the climate, social inequality, global mobility of labour and the hyper rich present new challenges to tax systems in which the Inclusive Framework on Carbon Mitigation Approaches and the Inclusive Framework on BEPS have an important role. The Netherlands specifically stated that (i) taxation of high-net-worth individuals should be a priority, (ii) an agreement on the taxation of remote frontier workers must be found, and (iii) an income tax "race to the bottom" through expat and digital nomad regimes must be prevented.

[Letter No. 2023-0000187366](#) of 4 September 2023 was published on the Ministry of Finance website on 5 September 2023 (in Dutch).

Netherlands - Netherlands Willing to Apply STTR, Stresses Need for Agreement on Taxing Mobile Labour (06 Sep. 2023), News IBFD.

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