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E-News from the EU Tax Centre

Issue 173 – March 23, 2023

KPMG's EU Tax Centre compiles a regular update of EU and international tax developments that can have both a domestic and a cross-border impact, with the aim of helping you keep track of and understand these developments and how they can impact your business.

Today's edition includes updates on:

- **European Commission:** Temporary State aid rules adopted to support green transition
- **European Parliament:** ECON Committee adopts report on the lessons learned from the Pandora Papers
- **OECD:** Public consultation meeting on compliance and tax certainty aspects of global minimum tax (Pillar Two)
- **Bulgaria:** Proposal for temporary excess profits tax on all sectors
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- **Spain:** Public consultation launched on implementation of minimum taxation (Pillar Two)
- **United Kingdom:** Tax measures announced in Spring Budget 2023

State aid

European Commission

Temporary State aid rules adopted to support green transition

On March 9, 2023, following consultations with EU Member States, the European Commission adopted a new Temporary Crisis and Transition Framework (TCTF) as part of the broader Green Deal Industrial Plan for the Net-Zero Age to enhance the competitiveness of the EU's net-zero industry and support the fast transition to climate neutrality. The new framework represents a significant relaxation of the otherwise strict EU State aid rules and was adopted amongst competitive concerns resulting from the US Inflation Reduction Act.

Under the new framework, applicable until December 31, 2025, Member States are allowed to implement schemes to support new investments in production facilities in defined, strategic net-zero sectors, including through tax benefits. Individual aid would also be available for businesses in the green technology sectors that are at risk of relocating outside of the EU.

For more details, please refer to Euro Tax Flash Issue 508.

EU Institutions

European Parliament

ECON Committee adopts report on the lessons learned from the Pandora Papers

On March 21, 2023, the European Parliament Committee on Economic and Monetary Affairs (ECON Committee) adopted a set of recommendations arising from the report on lessons learned from the Pandora Papers and other revelations.

According to the press release, the main recommendations of the report call on the Commission to assess the possibility of a minimum tax on capital gains at EU level and to limit the issue of tax regimes designed to attract digitals nomads as well as foreign-earned income or wealth.

The compiled report is to be issued in the coming days. Please note that a draft report was previously issued on October 14, 2022 (please see E-News Issue 164 for reference).

For more details, please refer to the European Parliament's press release.

OECD and other International Institutions

Organisation for Economic Cooperation and Development – OECD

Public consultation meeting on compliance and tax certainty aspects of global minimum tax (Pillar Two)

On March 16, 2023, the OECD held a virtual meeting to discuss the input received on its public consultation documents on implementation under Pillar Two relating to the GloBE Information Return (GIR) and Tax Certainty for the GloBE Rules (for previous coverage, please refer to E-News Issue 171).

Key recommendations and concerns brought forward by business representatives included:

- recommendation for a more condensed GIR and more resources for advance pricing agreements;
- concerns on the qualified domestic minimum top-up tax (QDMTT) design flexibility (in particular the use of local financial accounts) and its potentially problematic interaction with GIR and other elements of GloBE administration;
- concerns on whether QDMTT-adopting countries would respect the transitional Country-by-Country Reporting (CbCR) safe harbor;
- recommendation to adapt and conform CbCR with the GIR;
- concerns on the potential leakage of sensitive commercial information as a result of GloBE filing requirements;
- recommendation to establish a panel of UTPR countries to arrive at advance certainty positions to be binding for all UTPR countries;
- recommendation to limit the GIR data on changes to the group structure;
- concerns about the diverging rule introduction (i.e. some countries intend to apply UTPR from 2025 while others from 2024);
- recommendation to roll back some existing anti-avoidance rules rendered redundant by Pillar Two.

For more information, please refer to the dedicated OECD website that includes a replay of the session.

Local Law and Regulations

Belgium

Proposal for first phase of tax reform

On March 2, 2023, the Belgian Minister of Finance released a proposal for the first phase of the envisaged large tax reform.

The proposal aims to shift the tax burden away from labor toward consumption and capital. Additionally, it aims to strengthen the competitiveness of businesses by revamping tax incentives. From a corporate tax perspective, the key measures would include:

- introduction of a minimum corporate income tax (Pillar Two);
- conversion of the dividends received deduction into a participation exemption;

- reform of the innovation income deduction by limiting the scope of qualifying patents to those with a novelty character;
- transformation of the investment deduction allowance into a system of three rates (basic investment deduction of 10 percent, thematic investment deduction of 30 percent, and technology deduction of 13.5 percent);
- extension of the scope of the R&D tax credit (investment tax credit).

If adopted, the proposed measures would generally apply from January 1, 2024. The second phase of the tax reform is to be decided by the next government after the general election in 2024.

For more details, please refer to a report prepared by KPMG in Belgium.

Bulgaria

Proposal for temporary excess profits tax on all sectors

On March 17, 2023, Bulgaria's Ministry of Finance published for public discussion a proposal for the introduction of a temporary solidarity contribution on all sectors in addition to the already applicable solidarity contribution on the fossil fuel sector (for previous coverage, please refer to E-News Issue 168). Key features of the proposal include:

- the excess profits tax would apply to all corporate taxpayers as well as to sole traders and similar taxpayers;
- the tax would be levied at a rate of 33 percent on extra profits generated between July 1 and December 31, 2023;
- extra profits would be calculated as the taxable profits in accordance with the corporate tax law that are above 50 percent of the average taxable profit of the preceding four fiscal years (i.e. 2018 to 2021) increased by 20 percent;
- alternatively, taxpayers would be able to opt for an extra profits calculation based on 50 percent of taxable profits in 2023 instead of all profits generated in the period July 1 to December 31, 2023.
- an exclusion would apply to those taxpayers that are subject to the already applicable solidarity contribution that was introduced in accordance with the EU regulation on an emergency intervention to address high energy prices.

For more information, please refer to the Bulgarian government's press release.

Croatia

Completed transposition of DAC7 into national legislation

On March 9, 2023, amendments of the Bylaw on automatic exchange of information in the field of taxes entered into force. The amendments completed the implementation of the rules for the exchange of information on income generated by sellers through digital platforms by transposing the provisions of Annex V to DAC7 into domestic law. Furthermore, the amendments clarified registration and reporting requirements.

For more details on the transposition of DAC7 into Croatian legislation, please refer to Euro Tax Flash Issue 503.

Cyprus

Draft bill providing tax incentives for energy saving investments approved by the council of ministers

On March 22, 2023, the Cyprus council of ministers approved a draft bill providing tax incentives for energy saving investments. In accordance with the minutes of the council of ministers' meeting, the key features of the bill concern increased capital allowances on certain capital expenditure for tax years 2023, 2024 and 2025 – more specifically:

- capital allowances of 7 percent (currently at 3 percent) for improving the energy efficiency of buildings;
- capital allowances of 20 percent (currently at 10 percent) for machinery and equipment connected to renewable energy systems and technical energy efficiency improvement systems; and
- capital allowances of 25 percent (currently at 20 percent) for new commercial electric motor vehicles, taxis, and buses.

As a next step, certain legal procedures need to take place, including the submission of the draft bill to the Cyprus Parliament for discussion.

France

Guidance on social surcharge contribution updated – clarifications on offsetting foreign tax credits

On March 1, 2023, the French tax authorities announced that the guidance on the social surcharge contribution has been updated to provide clarifications on offsetting foreign tax credits provided for by tax treaties concluded by France. Based on the announcement, companies benefiting from foreign tax credits are free to determine the order of attribution and offsetting of foreign tax credits between corporation tax and the surcharge contribution.

For more details, please refer to the updated guidance issued by the French tax authorities.

Germany

Public consultation launched on a legislative proposal to implement minimum taxation (Pillar Two)

On March 20, 2023, the Germany Ministry of Finance launched a consultation on a discussion draft to implement the OECD's Pillar Two Model Rules as set out under the EU Minimum Tax Directive (2022/2523).

The proposal closely follows the text of the EU Directive (for more details, please refer to Euro Tax Flash Issue 500) and also incorporates certain items that were subsequently released by the OECD Inclusive Framework. Key features of the proposal include:

General

- The Domestic Minimum Top-up Tax (DMTT) and the Income Inclusion Rule (IIR) would apply for financial years starting after December 30, 2023.
- The Undertaxed Profits Rule (UTPR) would generally be applicable one year later, i.e. for financial year starting after December 30, 2024. However, the UTPR would apply for financial years starting after December 30, 2023 where the UPE of the group is located in an EU Member States that opted for the IIR and UTPR deferral (Article 50 of the Directive). The UTPR top-up tax would be collected in form of an

additional top-up tax levied directly on German constituent entities in an amount equal to the UTPR top-up tax amount allocated to Germany.
- The draft takes into account the OECD Commentary and elements of the GloBE Implementation Framework (e.g. transitional safe harbors).
- The rule order in the draft follows the agreed order in the Administrative Guidance. Accordingly, foreign covered taxes (e.g. CFC taxes) that would be allocated to German CEs under the regular GloBE rules, need to be excluded for German DMTT purposes.
- Certain other key features of the Administrative Guidance are not included in the draft (e.g. carry forward for excess net tax expenses, special allocation rules for blended CFC taxes).

QDMTT & QDMTT safe harbor

- The draft provides for a QDMTT safe harbor rule in accordance with the EU Directive, which is not limited to EU Member States, but also applies to a QDMTT applied in non-EU countries.
- The German DMTT is to be calculated in accordance with the general GloBE rules, i.e. the draft does not make use of variations/modifications as foreseen by the Administrative Guidance (e.g. lower revenue threshold, stricter blending rules, etc.).
- The QDMTT definition provides that the income or loss for the jurisdiction can be computed using an Authorised Financial Accounting Standard that differs from the one used in the Consolidated Financial Statements. However, the QDMTT safe harbor requires a QDMTT to be computed in accordance with the UPE's Acceptable Financial Accounting Standard or IFRS..
- The domestic top-up tax is deemed a QDMTT for German GloBE purposes (self-assessed).

Transitional CbCR and NMCE safe harbors

- The draft includes the transitional CbCR safe harbor and the simplified calculation safe harbor for non-material constituent entities.
- For purposes of applying the transitional routine profits safe harbor test, reference is made to the transitional substance-based income exclusion percentages.
- If the group has not applied the transitional CbCR safe harbor or does not meet the requirements in a fiscal year, the MNE Group cannot qualify for that safe harbour in all subsequent years. This does not apply when the group did not have Constituent Entities located in the relevant jurisdiction in the previous fiscal year. If it is determined that the safe harbor requirements were not met, the safe harbor no longer applies for the current and the following financial years retrospectively.

Administration

- The discussion draft provides for the introduction of a so-called minimum tax group, which includes all domestic constituent entities of the MNE group. The so-called minimum tax group leader (e.g. the parent entitiy of that German group) is responsible for filing electronically the tax return. The tax is due one month after the declaration is submitted on a self-assessment basis.
- In addition, the German constituent entities need to file a GloBE Information Return (GIR), that requires information in line with the wording of the EU Directive. It is clarified that one German constituent entity can submit the GIR on behalf of the other German group members. Where that designated German filing enttiy has not submitted the GIR, the other German group members are required to file the GIR within one month after becoming aware of the non-transmission.
- There is also no GIR reporting requirement in Germany where the GIR is filed by the UPE or a designated filing entity in its respective jurisdiction, with which an exchange of information agreement exists.
- The GIR needs to be submitted electronically to the German Federal Tax Office in a specific schema to be published by the German Ministry of Finance in the Official Gazette.

- If the GIR is not submitted intentionally or negligently, not in a timely manner or incompletely, this constitutes an administrative offence. The penalty amount has not been clarified in the draft.

Comments on the draft law are requested by April 21, 2023.

For more information, please refer to the FAQs published by the German Ministry of Finance.

Greece

Update of Greek list of non-cooperative jurisdictions and list of preferential tax regime countries

On March 13, 2023, the Greek list of countries with preferential tax regimes for fiscal year 2021 was published. Compared to the previous list, i.e. valid for financial year 2020, the Greek government decided to remove Montenegro and Sri Lanka.

As a result, the 2021 list of countries with preferential tax regimes includes the following jurisdictions:

St. Eustatius, Albania, Anguilla, Andorra, Vanuatu, Bermuda, North Macedonia, Bosnia-Herzegovina, Bulgaria, British Virgin Islands, Gibraltar, Guernsey, United Arab Emirates, Ireland, Qatar, Kosovo, Cyprus, Liechtenstein, Macau, Republic of Maldives, Republic of Moldova, Monaco, the Bahamas, Bahrain, Belize, Bonaire, Cayman Islands, Marshall Islands, Turks and Caicos, Isle of Man, Hungary, Paraguay, Saudi Arabia, Jersey, Timor-Leste, Barbados, Mongolia, Kyrgyzstan, Saba, and Turkmenistan.

In addition, on March 20, 2023, the Greek list of non-cooperative countries for fiscal year 2021 was published. Compared to the previous list, i.e. valid for financial year 2020, the Greek government decided to remove Oman and to add Algeria, Vietnam, Belarus and Congo.

As a result, the 2021 list of non-cooperative countries includes the following jurisdictions:

Sint Maarten, Haiti, Cote d' Ivoire, Algeria Anguilla, Antigua and Barbuda, Vanuatu, Kingdom of Lesotho, Vietnam, Gabon, Ghana, Guyana, Guinea, Guatemala, Eswatini (until June 30, 2021), Jordan (until November 30, 2021), Kazakhstan, Cambodia, Liberia, Congo, Belarus, Madagascar, Maldives, Mali, Mauritania, Barbados, Benin, Botswana, Burkina Faso, Namibia (until March 31, 2021), Niger, Dominica. Honduras, Palau, Panama, Papua New Guinea, Paraguay (until October 31, 2021), Rwanda, Seychelles, Thailand, Tanzania, Togo, Trinidad and Tobago, Djibouti, Chad, Philippines.

There is currently no indication on when to expect publication of the Greek list of non-cooperative countries and the list of countries with preferential tax regime for fiscal years 2022 and 2023.

In Greece, payments to tax residents of non-cooperative jurisdictions or tax residents of jurisdictions with a preferential tax regime are not deductible for tax purposes. Exceptions apply where the taxpayer can prove that these expenses relate to actual and usual transactions that do not result in tax avoidance.

For more information on defensive measures adopted by EU Member States against non-cooperative jurisdictions, please refer to KPMG’s summary of proposed or enacted measures.

Italy

Clarifications in relation to amended patent box regime

On February 24, 2023, the Italian tax authorities published a circular providing clarifications on the Italian patent box regime, as amended by the 2022 Budget Law (for more details, please refer to a report prepared by KPMG in Italy).

Taking into account the comments received during the public consultation launched in January 2023 (for more details, please refer to E-news Issue 170), the circular includes clarifications on eligible taxpayers, qualifying R&D activities, qualifying intellectual property, eligible R&D expenses as well as application and documentation requirements. Additionally, the circular provides for transitional rules that apply to taxpayers who had already opted for the past patent box regime.

Lithuania

Proposal for a temporary solidarity contribution on the banking sector

On March 9, 2023, Lithuania's Ministry of Finance announced a proposal for the introduction of a temporary solidarity contribution on the banking sector. According to the release, key features of the proposal include:

- application to banks (institutions) where the amount of Lithuanian residents' deposits and other funds amounted to at least EUR 400 million on December 31, 2022;
- the contribution would be levied at a rate of 60 percent on the excess net interest income in 2023 and 2024;
- excess net interest income would be calculated as the net interest income (interest income minus interest expenses) in 2023 and 2024 that is above 50 percent of the average net interest income in the previous four years;
- the contribution would apply in addition to the regular corporate income tax rate of 15 percent.

The Lithuanian government is expecting the solidarity contribution to raise additional revenue of EUR 510 million, which would be used for defense spending.

Malta

Clarifications on DAC6 notification requirements for intermediaries

On March 8, 2023, the Maltese Commissioner for Revenue published clarifications in relation to the notification requirements for intermediaries, who are subject to legal professional privilege, to notify other intermediaries of their reporting obligation under DAC6.

In accordance with the CJEU decision of December 8, 2022 (for more details, please refer to Euro Tax Flash Issue 497), the clarifications limit the scope of such notification requirement. Going forward, Maltese advocates, notaries and legal procurators are only required to inform clients about their reporting obligations, regardless of whether the client is considered to be a relevant taxpayer or intermediary.

In addition, the clarifications note that for annual notification purposes Maltese advocates, notaries and legal procurators shall not be required to include the identification details of the relevant taxpayer or other intermediary on whom the reporting obligation has been waived.

Montenegro

Draft law on temporary solidarity contribution (windfall profits tax)

On February 27, 2023, the government in Montenegro released a draft law on solidarity contribution (windfall profits tax) for public consultation. Key features of the draft law include:

- application to corporate income tax taxpayers with revenues of more than EUR 5 million in 2022 and/or 2023;
- the tax would be levied at a rate of 33 percent on excess profits generated in 2022 and 2023;
- excess profits would be calculated as the taxable profits in 2022 and 2023 (for corporate income tax purposes) that are above 20 percent of the average taxable profits generated in the fiscal years 2018, 2019, 2020 and 2021 (excluding any year(s) during which tax losses were declared);
- the deadlines for filling respective returns and paying solidarity contribution are June 30, 2023 (for 2022 profits) and June 30, 2024 (for 2023 profits).

Comments on the draft law were requested by March 20, 2023.

For more details, please refer to a report prepared by KPMG in Montenegro.

South Africa

Ten-year extension of R&D tax incentive announced

On February 22, 2023, the South African Ministry of Finance announced several updates to the research and development (R&D) tax incentive that provides for a 150 percent deduction for qualifying expenditure on eligible scientific or technological R&D undertaken by companies in South Africa. Key features of this announcement include:

- the incentive will be extended for a further 10 years, until December 31, 2033;
- a grace period will be introduced to allow taxpayers to claim qualifying expenditure incurred up to six months before the required application to the Department of Science and Innovation (DSI) is submitted;
- the definition of R&D will be simplified to enable easier administration by the DSI and clear understanding by the taxpayer,
- the prohibition on R&D related to internal business processes will be deleted, such that regardless of whether the innovation is intended for sale, for use by connected parties or for use internally, the project may still qualify for the incentive.

For more details, please refer to a report prepared by KPMG in South Africa.

Spain

Public consultation launched on implementation of minimum taxation (Pillar Two)

On March 6, 2023, the Spanish Ministry of Finance released a public consultation document on the implementation of the Pillar Two GloBE Model Rules as provided for by the EU Minimum Tax Directive (2022/2523).

The consultation document includes a summary of the structure of the EU Minimum Tax Directive and seeks public views from stakeholders that are potentially affected by the future rules before local draft legislation is published in a next step. Comments on the public consultation document are requested by March 24, 2023.

Previously, Spain had issued a joint statement together with France, Germany, Italy and the Netherlands to express its full commitment to implementing the GloBE rules. For more details, please refer to KPMG's Tax News Flash.

Public consultation on self-assessment forms for temporary solidarity tax on large fortunes

On December 27, 2022, Spain published the law introducing a temporary solidarity tax on large fortunes. The tax is payable by individuals with net wealth exceeding EUR 3 million and is chargeable with effect from December 31, 2022. The tax applies to Spanish residents in respect of their worldwide wealth, and by non-residents in respect of any wealth located, or related rights that may be exercised or fulfilled, in Spain.

Recently, the Spanish government published a draft order on the self-assessment form for public comments that determines the place, manner and filing periods for the return, as well as the conditions and procedures for its filing. Key aspects of the draft order include:

- the filing period runs from July 1, 2023 to July 31, 2023.
- taxpayers wishing to pay the amount due by direct debit must file their returns by July 26, 2023.
- the return will be available in electronic format only and must be filed and paid online.

Public comments were requested by March 15, 2023.

For more information, please refer to a report prepared by KPMG in Spain.

United Kingdom

Tax measures announced in Spring Budget 2023

On March 15, 2023, the Chancellor of the Exchequer, Jeremy Hunt, presented the UK Spring Budget 2023. The key corporate tax measures include:

- the increase in the main corporation tax rate from 19 percent to 25 percent will still take effect from April, 1, 2023, despite calls for the Chancellor to cancel same;
- the small profits rate of 19 percent will continue to apply for companies with taxable profits of less than GBP 50,000 (approximately EUR 56,700), whereas, subject to adjustments, tapering rules will apply for companies with taxable profits of up to GBP 250,000 (approximately EUR 283,800);
- the introduction of new first-year allowances for qualifying expenditure incurred on plant and machinery for three years from April 1, 2023, with full expensing available for main rate expenditure (other than cars or plant and machinery for leasing) and with a 50 percent allowance for special rate expenditure;

In addition, the government re-confirmed to include in the Spring Finance Bill legislation to implement the GloBE Model Rules (Pillar Two), including an Income Inclusion Rule and Domestic Top-up Tax scheduled to apply in the UK for accounting periods commencing after December 31, 2023.

For more details, please refer to the dedicated website created by KPMG in the UK.

Local Courts

France

Supreme Court decision on not carrying forward unused foreign tax credits of loss-making companies

On March 8, 2023, the French Supreme Court (Conseil d'État) issued a decision in a case concerning the carry forward to subsequent tax years of unused foreign tax credits of French loss making companies. The case concerns a French tax consolidated group where the parent company received, in respect of each of the years 2008 to 2011, dividend income from various jurisdictions.

The plaintiff was in a loss-making position during the relevant period and therefore unable to use the foreign tax credits corresponding to the tax deducted at source on the dividends received. The plaintiff's carried forward tax losses had also been reduced by the corresponding amount of dividend income. With respect to the year 2012, the plaintiff was in a taxable profit position and requested from the French tax authorities a reduction from the 2012 tax due, by way of a claim, up to the amount of unused tax credits for the period 2008 to 2011.

The French Supreme Administrative Court rejected the taxpayer's claim and confirmed that unused foreign tax credits of loss-making French companies cannot be carried forward to reduce the corporate tax base of a subsequent year, that is not the year in which the income giving rise to the foreign tax credit was received.

In giving its decision, the French Supreme Administrative Court noted that the relevant bilateral double tax treaties concluded by France could not be read as providing for a deferral of unused foreign tax credits to subsequent years. Furthermore, it is the French Supreme Administrative Court view that the non-carry forward of unused foreign tax credits was not incompatible with the principle of free movement of capital. The Court did not consider it necessary to refer a question to the Court of Justice of the European Union (CJEU) in this respect.

Netherlands

Interest deduction in acquisition structures (Supreme Court decision)

On March 3, 2023, the Dutch Supreme Court (Court) issued its decision in a case concerning the deduction of interest on loans obtained from an active financing company of the group that served to finance acquisition of an Italian company.

The case concerned a structure involving a Dutch intermediary holding company (DutchCo) part of a Swedish headed group. In order to facilitate the de-listing of an Italian group company from the Italian stock exchange, the group set up a new Italian company (ItaCo). For the purposes of acquiring the majority of the shares of the de-listed company, DutchCo contributed funds to ItaCo emanating from two loans obtained from the group's top holding company in Sweden.

Following a dispute with the Dutch tax authorities concerning the deductibility of the financing costs (i.e. interest expenses incurred in relation to one of the loans used to finance the contribution to the new Italian company), the lower Dutch court held that the interest was not deductible. The lower court based its reasoning on an article included in the Dutch Tax Code, under which financing costs related to loans received from associated parties and used to acquire other companies represent an 'intra-group (non-business motivated) diversion' and are not deductible for tax purposes. The dispute in front of the Court concerned the rebuttal scheme incorporated in the aforementioned article (the double business motive test) where interest deduction is not limited if a taxpayer can prove that both the loan and the transaction financed with it are based on business motives.

The Court held that the rebuttal scheme is met if the associated party lender engages in actual financing activities and plays a pivotal role in that respect. The Court noted that a debt is in principle business-motivated if the associated party lender performs an active financing function within the group, i.e. if the entity or independent business unit is mainly involved with performing financial transactions for group companies, such as the borrowing and lending of funds and managing surplus group funds. In addition, that entity (or business unit of that entity) must be independent in its daily business operations, including the management of the loaned-out funds, and must

have sufficient specialist personnel. The Court also noted that a non-business-motivated debt exists in the case of an entity that merely acts as a conduit for those funds when granting the loan.

Furthermore, the Court ruled that if the taxpayer has convincingly demonstrated that the debt and associated transaction is primarily business-motivated, the tax inspector is excluded from invoking the doctrine of evasion of the law (fraus legis) in respect of that debt and transaction so that the deduction of interest cannot be refused.

The Court upheld the taxpayer's appeal and referred the case back to the lower court for further analysis.

For more information, please refer to a report prepared by KPMG in the Netherlands.

KPMG Insights

EU Financial Services Tax Perspectives

Countries across the European Union (EU) and Europe continue to face an unsettled environment. With the financial services sector going through transformative change and tax so often intertwined in negotiation and debate on policy, trade, strategy and business transformation, tax leaders across the sector's services continue to face new challenges in navigating rapid changes in response to new tax policy.

So what's on the horizon? Will the tax landscape become more volatile in the future, and what does this mean for financial services institutions?

KPMG professionals took a closer look at some of the latest proposals that have risen to the top of the European tax agenda. The panel of KPMG tax specialists shared their insights on some of the latest developments impacting the financial services industry, including:

- Preparing for Pillar 2 – practical insights and methodologies being adopted by the financial services sector
- ATAD 3 EU Unshell Directive - state of play and likelihood of adoption
- Update on the dividend withholding tax reassessment on delta one transactions
- EU update: Implications for those countries who are on the EU list of non-cooperative jurisdictions, latest EU withholding tax developments, and much more.

Please access the event page for a replay of the session.

EU Tax Perspectives

The European Union's (EU) institutions have been very busy in the past few months, discussing EU implementation of international initiatives and working on upcoming EU-specific proposals.

Against this backdrop, we are delighted to invite you to the March 2023 session of the "EU tax perspectives" webcast series, during which a panel of KPMG specialists will share their insights on some of the latest developments from across the EU affecting multinational groups operating in Europe.

On March 29, 2023, KPMG tax specialists will focus on:

- BEPS 2.0 in the EU: state of play on the implementation of the EU Minimum Tax Directive (Pillar Two)
- Unshell Directive (ATAD 3): state of play and likelihood of adoption
- Tax transparency reporting, including practical insights on the EU Public Country-by-Country (CbC) Directive
- EU list of non-cooperative jurisdictions: the February 2023 update and its implications

Please access the event page to register.

Webcast - DEMPE and intangibles: Controlling transfer pricing risks

Since 2015, transfer pricing disputes over intangibles have proliferated. Across Europe, tax administrations are placing greater emphasis on the performance of DEMPE functions and the risk control framework to argue for higher shares of a group's profit (though not losses). Though this is a general trend, there are also variations in experiences across countries.

On March 28, 2023, the second Future of Tax & Legal webcast led by the EMA Transfer Pricing Insights team will discuss KPMG professionals' experience managing disputes around the pricing of intangibles and what this means for businesses operating in Europe, focusing on:

- Issues that commonly give rise to disputes
- Different local experiences
- Dispute prevention
- Dispute management and resolution

Please access the event page to register.

Raluca Enache Associate Partner KPMG's EU Tax Centre	Ana Puscas Manager KPMG's EU Tax Centre	Marco Dietrich Manager KPMG's EU Tax Centre	Christiana Loizou Senior Manager KPMG's EU Tax Centre	Nevena Arar Assistant Manager KPMG's EU Tax Centre

Key links

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