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2025 edition

Holding Regimes in a New Era

Comparison of Tax and Non-Tax Aspects of Selected Countries

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Introduction

We are pleased to present the 20th edition of our Holding Regimes in a New Era publication.

Over the last few years, international taxation has developed at an unprecedented pace. Approximately a decade ago, the OECD/G20 Base Erosion and Profit Shifting ('BEPS') project started, leading to various important developments. These include amendments to domestic tax law and the OECD Model Tax Convention, the introduction of reporting and documentation obligations for multinational enterprises and the implementation of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting ('MLI').

In 2021, members of the OECD/G20 officially agreed on certain key parameters to reallocate taxing rights to 'market' jurisdictions ('Pillar One') and on the introduction of a global minimum effective taxation ('Pillar Two'), with the latter taking effect as of January 1, 2024. Recognizing the importance of Pillar Two for holding companies Part III is dedicated to 'Holding Companies in light of Pillar Two'.

At EU level, developments have also proceeded at a rapid pace, with the launch of new initiatives and the revival of old ones. Over the past years, EU Member States have implemented several directives to combat aggressive tax planning and enhance transparency, such as the Anti-Tax Avoidance Directives 1 and 2 ('ATAD') and the Mandatory Disclosure Directive ('DAC6'). Multiple proposals for new EU directives are pending, including proposals for the Unshell Directive, BEFIT Directive and Transfer Pricing Directive. It remains to be seen how these proposals will progress within the EU in the upcoming years.

It goes without saying that, among others, the abovementioned developments may influence the decision on where to locate your holding company in 2025 and beyond. This publication provides a practical tool to compare tax and non-tax key features of the following covered jurisdictions:

- Belgium
- Ireland
- Luxembourg
- The Netherlands
- Spain
- Switzerland
- The United Kingdom

The publication is intended for use as an initial comparison of the most relevant aspects of the selected jurisdictions and should not be used as a substitute for obtaining local advice. The information contained in this publication reflects laws that are in effect as per January 1, 2025, unless otherwise indicated. For completeness' sake, we note that in the current international tax climate, (some of) the described tax benefits of the covered jurisdictions may not be available for holding companies without real economic functions, which should be kept in mind when reading this publication.

We hope that you will find this edition of the publication useful and that it will find a permanent place on your desktop.

Loyens & Loeff New York
Laurens Hoek / Boudewijn Pleijsier, editors

Acknowledgement contributions

The covered jurisdictions in this publication (Belgium, Ireland, Luxembourg, the Netherlands, Spain, Switzerland and the United Kingdom) have been selected based on certain predetermined factors. The inclusion (or non-inclusion) of a particular jurisdiction does not entail judgment by Loyens & Loeff on such jurisdiction.

With respect to the selected jurisdictions in which Loyens & Loeff has offices with a domestic tax practice (Belgium, Luxembourg, the Netherlands and Switzerland), such local Loyens & Loeff offices have provided the information contained herein. With respect to the other selected jurisdictions, we obtained the information from the firms listed below. We gratefully acknowledge the contributions of the below-listed firms. Additional information regarding the features of the selected jurisdictions may be obtained by contacting the relevant Loyens & Loeff offices at the addresses shown on page 144 or the below-mentioned contributing firms via their website shown below or the contact persons listed on page 143.

Ireland	Matheson	www.matheson.com
Spain	Cuatrecasas	www.cuatrecasas.com
United Kingdom	Skadden	www.skadden.com

Pillar Two

Holding companies in light of Pillar Two

Pillar Two is part of the OECD's two-pillar solution to address tax challenges arising from the digitalization of the economy. Pillar Two seeks to enforce a global minimum income tax at an effective tax rate (**ETR**) of 15% for each country where an in-scope multinational enterprise (**MNE**) operates. This is achieved through the levy of a 'top-up tax' on an MNE's profits arising in a jurisdiction where the ETR, determined on a jurisdictional basis, is below 15%. There are various mechanisms to impose such top-up tax, including a qualified domestic top-up tax (**QDMTT**), an income inclusion rule (IIR) and an undertaxed profits rule (**UTPR**)[1].

The Pillar Two rules proposed by the OECD are not binding on OECD member countries. However, the EU has adopted a directive in 2022 which obliges all 27 EU Member States (**EU MS**) to enact legislation implementing the Pillar Two rules in their domestic laws by 31 December 2023. The covered jurisdictions in this publication have implemented such mechanisms to impose such top-up tax. Furthermore, numerous non-EU countries have adopted (part of) the Pillar Two rules or envisage doing so in the upcoming years.

The Pillar Two rules may affect the use of holding companies by in-scope MNEs in various ways. One point of attention is that the Pillar Two rules provide for an exclusion from the Pillar Two tax base of income (dividends and capital gains/losses) derived from shareholdings that may differ in scope from participation exemption regimes under domestic tax laws. Mismatches in the application of the Pillar Two exclusion and the relevant domestic participation exemption regime may impact the shareholder's Pillar Two ETR and may result in top-up tax.

Below is a high-level summary of the requirements for the exclusion of income from shareholdings under the Pillar Two Rules as set forth in the OECD model rules.

Excluded Dividends and Equity Gains or Losses

Under the Pillar Two rules, so-called 'Excluded Dividends' and 'Excluded Equity Gains or Losses' are eliminated from the Pillar Two tax base. Costs associated with Excluded Dividends or Equity Gains or Losses are not eliminated. Taxes associated with these excluded income items are disregarded in the computation of the Pillar Two ETR.

The Pillar Two rules have different requirements for treatment as Excluded Dividends and Excluded Equity Gains or Losses, respectively.

Excluded Dividends

A dividend or other distribution paid with respect to shares or other equity interests is treated as an Excluded Dividend if:

- the MNE group holds 10% or more of the ownership interests in the issuer; or
- the dividend or distribution is made to an entity that has held full economic ownership of shares or other equity interests in the issuer for a period of at least 12 months (no minimum percentage interest in the issuer is required for this second condition).

Excluded Equity Gains or Losses

Gains and losses derived from shares or other equity interests qualify as Excluded Equity Gain or Loss if the MNE group holds 10% or more of the ownership interest in the issuer. This includes gains and losses upon disposal of the shares or other equity interests, but also changes in fair value or movements under the equity method of accounting. Contrary to Excluded Dividends, gains and losses from shareholdings (or other equity interests) representing an ownership interest of less than 10% are ineligible for treatment as Excluded Equity Gain or Loss regardless of the holding period.

[1] Within the European Union (**EU**), the QDMTT and IIR generally apply for book years starting on or after December 31, 2023 and the UTPR generally applies for book years starting on or after December 31, 2024.

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Part I
Belgium and Ireland

1. Business environment

1.1 Business climate – general

Belgium	Ireland
Belgium is a relatively small country in the heart of Europe, with an open, international and competitive economy. According to the 2024 KOF Globalisation Index, which measures the openness of a country by assessing the economic, political and social dimensions of globalisation, Belgium is the third most globalized country in the world. The stable political and economic environment in Belgium creates a reliable place to do business. Many multinational enterprises base their operations in Belgium, for instance, by means of a European or regional headquarter, a shared service center, a customer care center, a distribution and logistics center or an R&D facility. Belgium also hosts the EU, NATO and other international organizations. This ensures a strong presence of lobby groups, diplomats and press.	Ireland has succeeded in attracting some of the world's largest companies to establish operations here. This includes some of the largest companies in the global technology, pharmaceutical, biosciences, manufacturing and financial services industries. They are in Ireland because Ireland delivers: • low corporate tax rate – corporation tax rate on trading profits is 12.5% (with large groups also subject to a top-up tax to 15%) and the regime does not breach EU or OECD harmful tax competition criteria; • regulatory, economic and service provider infrastructure of a highly developed OECD jurisdiction; • benefits of EU membership and of being the only English-speaking jurisdiction in the Eurozone; • common law jurisdiction, with a legal system that is broadly similar to the US and the UK systems; • refundable tax credits for research and development activity and other incentives that are "qualifying" credits for Pillar Two purposes; and • extensive and expanding double tax treaty network, with 75 countries, including the US, UK, China and Japan.

1.2 Location, logistics and infrastructure

Belgium	Ireland
Belgium has a central location in Western Europe, one of the wealthiest and developed regions in the world. With its dense network of ports (including one of Europe's largest seaports in Antwerp), international airports, roads, rail and waterways, Belgium forms an excellent logistic gateway to Europe. The logistics system is supported by world-class telecommunication and internet infrastructures. Numerous distribution centers are established in Belgium, taking advantage of the low cost and short distance to Europe's major markets.	Ireland is an island situated off the north-west of the European continent. Its capital, Dublin, is less than an hour by air from London and 90 minutes from Paris and Brussels. Ireland is recognized as one of the most attractive locations for international companies to access the EU internal market. Ireland has a very well developed and sophisticated banking and financial services infrastructure with established experience in handling the requirements of international companies. International and internal transport services are well developed.

1.3 Hiring employees

Belgium	Ireland
The Belgian workforce is highly skilled and productive. Well-educated workers, who are among the most multilingual in the world, can operate successfully within a vast range of industries engaged in cross-border trade and services. Belgium offers a special tax regime for qualifying inbound taxpayers (employees and directors) and qualifying inbound researchers (employees). The special tax regime includes an annual tax-free lump sum allowance for recurring costs of up to 30% of the gross remuneration (capped at €90,000) and the tax-free reimbursement of certain non-recurring costs subject to certain conditions. This special tax regime applies (if all conditions are met) both to Belgian tax residents and non-residents (inbound taxpayers/inbound researchers who maintain their tax residence abroad). To boost competitiveness, the new Belgian government expressed its intention on 31 January 2025 to make the special tax regime more attractive, amongst others by raising the above-mentioned lump sum allowance to maximum 35% and by removing the existing cap of €90,000. Such changes are expected to be adopted in 2026. In the Human Development Index 2023-2024 of the United Nations, which focuses on the richness of human lives, Belgium ranks 12th of 193 countries in total.	Ireland has a highly-skilled, flexible, educated and international workforce. In relation to education in particular, the share of 25-34 year olds in Ireland with a third level qualification is 62%, compared to an EU average of 43%. Ireland has a 'Special Assignee Relief Programme' ('SARP') which can apply to employees coming to work in Ireland. SARP operates by providing a tax-free deduction of 30 percent of the employee's salary in excess of €75,000 (or €100,000, in the case of an employee who arrives in the State in any of the tax years 2023 to 2025). Employees benefitting from SARP also may recover from their employer the cost of one return trip for their family to their home country and the payment by their employer of school fees not exceeding €5,000 per annum for each child without incurring a benefit-in-kind liability. Employees and prospective employees in Ireland are afforded the protection of the Employment Equality Acts 1998 to 2015 ('EEAs'). The EEAs prohibit an employer from discriminating against an employee or prospective employee in relation to access to employment, conditions of employment, training or experience for or in relation to employment, promotion or re-grading or classification of posts. Employers should ensure to operate fair recruitment procedures from the outset that are free from discrimination in order to be compliant with their obligations under the EEA.

1.4 Other aspects of business environment

Belgium	Ireland
Belgium is home to numerous high-standard research institutes. University spin-offs and incubators are set up nationwide, boosted by the network of internationally renowned university research centers. As a center of excellence, Belgium delivers in domains such as life sciences, nanotechnology, biotechnology and renewable energy.	The attraction of Ireland as an investment location can be attributed to the positive approach of successive Irish Governments to the promotion of inward investment, its membership of the EU, a very favorable corporate tax rate and a youthful, highly educated, flexible labor pool. It is the unique combination of these factors, and not one specific element, which attracts investment to Ireland. While other countries may be competitive in some of the areas highlighted above, Ireland's ability to create a compelling suite of both tangible factors (such as taxation and the regulatory framework) and more intangible elements (such as a 'can do' attitude to business) is generally cited as central to its ability to attract investment over other EU countries.

2. Tax on capital contributions

Belgium	Ireland
There is a flat fee of EUR 50.	There is no capital contribution tax in Ireland.

3. Corporate income tax

3.1 Corporate income tax ('CIT') rate

Belgium	Ireland
The normal corporate income tax rate is 25%. Under certain conditions, SMEs can benefit from a reduced rate of 20% on the first tranche of EUR 100,000 taxable income. **Minimum taxable base** 30% of the taxable income exceeding a first tranche of EUR 1 million will qualify as a minimum effective taxable basis. The minimum taxable basis will be determined as follows: 1. The taxable basis is determined and the following tax deductions are made (in this order): exempt dividends, patent income deduction, innovation deduction, investment deduction and the group contribution deduction. 2. If after those deductions, the remaining taxable basis exceeds EUR 1 million, the following deductions can only be applied to 70% of the taxable basis exceeding EUR 1 million, in the following order: the carry-forward dividends received deduction, the carry-forward innovation deduction, the carry-forward losses, and finally, the carry-forward notional interest deduction. The excess deductions are carried forward to the following years. An exception to the minimal taxable basis exists for carry-forward tax losses incurred by start-up companies during the first four taxable periods. This percentage was temporarily decreased from 70% to 40% for tax year 2024 (relating to a taxable period beginning at the earliest on January 1, 2023). However, since the Law of December 19th, 2023 (transposing the Directive 2022/252/EU guaranteeing a global minimum level of taxation of multinational groups in the EU) has entered into force, the percentage is increased again to 70% as from tax year 2025 (relating to a taxable period beginning at the earliest on January 1, 2024).	The rate is 12.5% on trading income and 25% on passive income. However, certain trading dividends from foreign subsidiaries located in an EU member state or in a country with which Ireland has a double tax treaty or in a country which has ratified the Convention on Mutual Assistance in Tax Matters or whose principal class of shares (or the shares of a 75% parent company) is traded on a recognized stock exchange are taxed at 12.5%.

3.2 Dividend regime (participation exemption)

Belgium	Ireland
Dividends received are fully exempt from CIT if the participation meets the following cumulative conditions: (i) minimum participation of at least 10% or with acquisition value of EUR 2.5 million; (ii) held (or commitment to hold) in full property for at least 12 months; (iii) subject-to-tax requirement: dividends will not be exempt if distributed by: (a) a company that is not subject to a (Belgian or similar foreign) CIT or that is established in a country the normal tax regime of which is substantially more advantageous than the normal Belgian tax regime or established in a jurisdiction that appears on the EU list of non-cooperative jurisdictions at the end of the taxable period; (b) a finance company, a treasury company or an investment company subject to a tax regime that deviates from the normal tax regime; (c) a regulated real estate company or a non-resident company (i) the main purpose of which is to acquire or construct real estate property and make it available on the market, or to hold participations in entities purpose, (ii) that is required to distribute part of its income to its shareholders, and (iii) that benefits from a regime which deviates from the normal tax regime in its country of residence; (d) a company receiving foreign non-dividend income that is subject to a separate tax regime deviating from the normal tax regime in the company's country of residence; (e) a company realizing profits through one or more foreign branches subject in global to a tax assessment regime that is substantially more advantageous than the Belgian regime; (f) an intermediary company (re)distributing dividend income of which 10% or more is 'contaminated' pursuant to the above rules;	Ireland introduced a new participation exemption from CIT for in-scope foreign distributions made on or after 1 January 2025. The main conditions to claim this exemption are: (i) The subsidiary paying the dividend must be tax resident in an EU (or EEA) member state or in a jurisdiction with whom Ireland has a double tax treaty (unless the jurisdiction is listed by the EU as a non-cooperative jurisdiction) and must not generally be exempt from CIT. This condition must be satisfied at the time of the distribution and for the five years prior to the date of distribution. The exemption does not apply if the subsidiary acquired a business from (or was formed through a merger with) a company that was not tax resident in a qualifying jurisdiction in this five year period; (ii) The Irish recipient company must hold at least 5% of the ordinary share capital of the subsidiary for an uninterrupted period of at least 12 months during which the distribution is made (together with associated rights to profits and assets on a winding up); (iii) The distribution must either be paid out of profits of the subsidiary or paid out of the assets of the subsidiary in circumstances where the Irish recipient company would qualify for Ireland's substantial shareholding exemption on a disposal of the shares in the paying subsidiary.

3.2 Dividend regime (participation exemption)

Belgium	Ireland
(g) a company, to the extent it has deducted or can deduct such income from its profits; or (h) a company, that distributes income that is related to a legal act or a series of legal acts, of which the tax administration has demonstrated, taking into account all relevant facts and circumstances and except proof to the contrary, that the legal act or series of legal acts are not genuine (i.e. that are not put into place for valid commercial reasons which reflect economic reality) and have been put in place with the main goal or one of the main goals to obtain the deduction or one of the benefits of the Parent-Subsidiary Directive in another member state of the European Union. The Belgian tax authorities have published a list of countries of which the standard tax regime is deemed to be substantially more advantageous than the Belgian regime. Generally, this will be the case if the standard nominal tax rate or the effective tax rate is lower than 15%. However, the tax regimes of EU countries are deemed not to be more advantageous, irrespective of the applicable rates. Note that exceptions to one or some of the subject- to-tax requirements are available for e.g. EU-based finance companies and investment companies that redistribute at least 90% of their net income. Also, for certain intermediary companies, exceptions to the exclusion from the participation exemption may apply. The same is true for companies with low taxed foreign branches.	An election must be made in the company's annual corporation tax return to claim the exemption and if such an election is made, it applies to all qualifying dividends received by the company in that accounting period. If an Irish company does not claim the participation exemption, dividends will continue to be subject to Irish CIT, with a credit available for foreign tax paid (as detailed below). In most instances, the credit can reduce the Irish tax liability to nil. Prior to 1 January 2025, Ireland operated a 'tax and credit' system as opposed to a participation exemption. This system (discussed below) will remain applicable to those distributions not falling within the new participation exemption or for those who opt not to claim the new exemption. Under the tax and credit system, dividends are taxed at either 12.5% or 25%. However, credit is available for foreign tax paid on the dividends (e.g., withholding taxes) and foreign tax paid on the profits out of which the distribution was made. The tax and credit system provides for a system of onshore pooling of tax credits to deal with the situation where foreign tax on dividends exceeds the Irish tax payable. The onshore pooling system enables companies to mix the credits for foreign tax on different dividend streams for the purpose of calculating the overall credit. Dividends that are taxed at 12.5% are pooled separately to dividends that are taxed at 25%. Thus, any excess 'credit' on one dividend may be credited against the tax payable on another dividend received in the accounting period within each pool.

3.2 Dividend regime (participation exemption)

Belgium	Ireland
On 31 January 2025, the new Belgian government expressed its intention to tighten the minimum participation requirement by (1) raising the EUR 2.5M threshold to EUR 4M, and (2) requiring that a participation meeting the EUR 4M threshold qualifies as a "financial fixed asset" in the hands of the recipient company. This stricter participation condition would only apply for and between large enterprises. The new Belgian government also foresees a change in the nature of the application of the Belgian participation exemption regime. Currently, the application of the regime takes the form of a deduction of the qualifying dividends from the company's taxable basis (so-called dividend received deduction ('DRD')). The new government intends to switch from the deduction to a real exemption of the dividends received. Since dividends will be immediately excluded from the taxable basis, any excess will no longer generate a DRD stock. Instead, they will create carried forward tax losses. These changes are expected to be adopted in 2026.	Foreign underlying tax includes corporation tax levied at state and municipal level and withholding tax. In this respect, it is possible to look through any number of tiers of subsidiaries. An additional credit is available where the credit calculated under Ireland's existing rules is less than the amount of credit that would be computed by reference to the nominal rate of tax in the EEA country from which the dividend is paid. This additional national credit is capped at the lower of the nominal rate of foreign CIT or the Irish rate of corporate tax on the foreign dividend (i.e. 12.5% or 25%). Unused credits can be carried forward indefinitely and offset similarly in subsequent accounting periods. The credit system applies where the Irish company holds a 5% shareholding in the relevant subsidiary. These provisions apply to dividends received from all countries. Dividends received by a portfolio investor which form part of such investor's trading income are exempt from Irish corporation tax. Portfolio investors are companies which hold not more than 5% of the share capital (either directly or together with a connected person) and not more than 5% of the voting rights of the dividend paying company.

3.3 Gains on shares (participation exemption)

Belgium	Ireland
Gains realized by the company on the alienation of shares are fully exempt from CIT to the extent that potential income derived from those shares would be exempt under the dividend participation exemption (see 3.2 above) and provided that the shares have been held in full property for at least 12 months. Only the net gain realized will be exempt, i.e. after the deduction of the alienation costs (e.g. notary fees, bank fees, commissions, publicity costs, consultancy costs etc.). The minimum participation requirement does not apply to insurance and reinsurance companies that hold participations to hedge their liabilities. **Unrealized gains** Unrealized gains are exempt from CIT (i) to the extent that they are booked in an unavailable reserve account and (ii) to the extent that - should the gains not be booked - they do not correspond to previously deducted losses. If shares are later disposed of, the reserve account can be released without triggering any CIT, provided the gain relates to a participation that meets the participation exemption requirements described above.	The disposal of shares in a subsidiary company (referred to in the law as the 'investee') by an Irish company (referred to in law as the 'investor') is exempt from Irish capital gains tax in certain circumstances. An equivalent exemption applies to the disposal of assets related to shares, which include options and securities convertible into shares. The exemption is subject to the following conditions: (i) the investor must directly or indirectly hold at least 5% of the investee's ordinary share capital, be beneficially entitled to not less than 5% of the profits available for distribution to equity holders of the investee company and be beneficially entitled to not less than 5% of the assets of the investee company available for distribution to equity holders. Shareholdings held by other companies which are in a 51% group with the investor company may be taken into account; (ii) the shareholding must be held for a continuous period of at least twelve months in the 2 years prior to the disposal; (iii) the business of the investee must consist wholly or mainly of the carrying on of a trade or trades or alternatively, the test may be satisfied on a group basis where the business of the investor company, its 5% subsidiaries and the investee (i.e. the Irish company and its subsidiaries) when taken together consist wholly or mainly of the carrying on of a trade or trades; and (iv) the investee company must be a qualifying company. A qualifying company is one that: (a) does not derive the greater part of its value from Irish land/ buildings, minerals, mining and exploration rights; and (b) is resident in the EU (including Ireland) or in a double taxation treaty partner jurisdiction.

3.4 Losses on shares

Belgium	Ireland
Losses incurred on a participation, both realized and unrealized, cannot be deducted, except for (realized) losses incurred upon liquidation of the subsidiary up to the amount of the paid-up share capital of that subsidiary.	Depreciation on the value of the underlying subsidiary shares is not tax-deductible. In certain circumstances where the value of the shares is completely dissipated, the taxpayer may make a claim to the Inspector of Taxes responsible for that taxpayer and when the Inspector is satisfied that the value of the asset has become negligible, the Inspector may allow a claim whereby the taxpayer is deemed to have sold and immediately reacquired the asset for consideration of an amount equal to the value of the shares thus crystallizing a capital loss. This capital loss is only deductible against capital gains. However, where the disposal would have qualified for relief from capital gains tax under the exemption referred to under 3.3 above a claim for loss of value cannot be made. Capital losses incurred on the transfer of shares are only deductible against capital gains.

3.5 Costs relating to the participation

Belgium	Ireland
Costs relating to the acquisition and/or the management of the participation are deductible under the normal conditions. Such costs generally include interest expenses related to acquisition debt. However, in recent case law, the tax deductibility of interest expenses in the context of a debt push down has been successfully challenged by the tax authorities. Moreover, the new interest deduction limitation rule (see under 5 below) and the debt-to-equity ratio of 5:1 should be observed. Certain exceptions exist.	Certain expenses related to managing investment activities of ‘investment companies’ are allowed against the company’s total profits. An investment company is defined as any company whose business consists wholly or mainly in the making of investments, and the principal part of whose income is derived from those investments. This can include holding companies whose investment in this case is the subsidiaries. Interest payments relating to the financing of the acquisition of the subsidiaries may be deductible. However, as an anti-abuse measure, interest relief is generally not available when the interest is paid on a loan obtained from a related party, where the loan is used to acquire ordinary share capital of a company that is related to the investing company, or to on-lend to another company which uses the funds directly or indirectly to acquire capital of a company that is related to the investing company. **Thin capitalization** If securities are issued by the Irish company to certain non-resident group companies, any ‘interest’ paid in relation to the securities can be re-classified as a distribution and therefore will not be deductible. The rules relating to dividend withholding tax will then apply. This rule does not apply to interest paid to a company resident in an EU jurisdiction (other than Ireland) or a country with which Ireland has signed a double tax treaty if the treaty contains a non-discrimination provision. The taxpayer company may elect that this rule does not apply in a situation where interest is paid by that company in the ordinary course of a trade carried on by that company.

4. Pillar Two

Reference is made to section 3 above for a general summary of Pillar Two. Terms defined in that section are used below.

Belgium	Ireland
General Belgium applies an IIR and QDMTT for financial years starting on or after December 31, 2023. Further, Belgium will apply a UTPR for financial years starting on or after December 31, 2024. **Mismatch participation exemption** The Belgian participation exemption applies to shareholdings of at least 10% in the capital or with an acquisition value of EUR 2.5 million if certain additional conditions are met (reference is made to par. 3.2 above). This means that shareholdings below 10% but with an acquisition value of EUR 2.5 million or more can have a negative impact on the ETR for Pillar Two purposes as income (dividends and capital gains) from such shareholdings are generally exempt from Belgian corporate income tax under the participation exemption, but do not qualify as an Excluded Dividend (unless the holding period is satisfied) or an Excluded Equity Gain for Pillar Two purposes. A similar issue can arise, for example, for shareholdings of at least 10% in capital but no 10% of voting rights. **Mismatch losses on shareholding** Upon the liquidation of a subsidiary, losses on shareholdings are deductible for Belgian corporate income tax up to the amount of paid-up capital of that subsidiary, whereas these losses may constitute an Excluded Loss for Pillar Two purposes.	**General** Ireland applies an IIR and QDMTT for financial years starting on or after December 31, 2023. The QDMTT has been designed with a view to obtaining safe harbour status such that a multinational group can exclude the group entities subject to the Irish QDMTT when calculating the IIR and UTPR in another jurisdiction (the QDMTT safe harbour). Ireland has also implemented a UTPR which will apply for periods one year following the IIR (i.e. for accounting periods beginning on or after December 31, 2024) subject to the transitional safe harbour (for countries such as the US) which will delay the application of the UTPR for one further year. Ireland has also implemented the transitional country by country reporting safe harbour. **Mismatch ownership threshold / scope participation exemption** The domestic Irish participation exemption for gains on disposals of shares and the new Irish participation exemption for dividends both apply to shareholdings of at least 5% if certain conditions are met (see 3.2 and 3.3 above). This means that shareholdings between 5% - 10% can potentially have a negative impact on the ETR for Pillar Two purposes as capital gains and income (dividends) from such shareholdings are generally exempt from Irish capital gains tax and CIT under domestic participation exemptions, but do not qualify as an Excluded Equity Gain or Loss or an Excluded Dividend for Pillar Two purposes.

5. Withholding taxes

5.1 Withholding tax on dividends

Belgium	Ireland
The domestic withholding tax rate on dividends and liquidation distributions is generally 30%, which may be reduced by virtue of tax treaties. **Exemptions** An exemption from withholding tax applies to (liquidation) dividend distributions made to a parent company that: (i) holds (or commits to hold) a participation of at least 10% of the share capital of the distributing company for a period of at least one year; (ii) is tax resident in an EU country or a tax treaty country under that country's domestic tax law and under the tax treaties concluded by that country with third countries (provided that the tax treaty (or another agreement) contains an exchange of information clause); (iii) is incorporated in a legal form listed in the annex to the EU Parent-Subsidiary Directive or a similar legal form (for a tax treaty country); and (iv) is, in its country of tax residence, subject to CIT or a similar tax without benefiting from a regime that deviates from the normal tax regime. Dividends will not be exempt from withholding tax if the dividends are related to a legal act or a series of legal acts, which are not genuine (i.e. that are not put into place for valid commercial reasons which reflect economic reality) and have been put in place with the main goal or one of the main goals to obtain the exemption or one of the benefits of the Parent-Subsidiary Directive in another member state of the European Union.	The domestic withholding tax rate is 25%, which may be reduced by virtue of tax treaties or under domestic law to 0% - 15%. **Exemptions** Pursuant to the implementation of the EU Parent-Subsidiary Directive, dividend withholding tax is not due on dividends paid by Irish resident companies to companies resident in other EU jurisdictions who hold at least 5% of the ordinary share capital, provided the anti-abuse provision mentioned under 5 below is met. In addition, domestic exemptions apply if: (i) the individual shareholder is resident in an EU Member State (other than Ireland) or a treaty partner jurisdiction; (ii) the parent company is resident in an EU Member State (other than Ireland) or a treaty partner jurisdiction and is not ultimately controlled by Irish residents; (iii) the parent company is not resident in Ireland and is ultimately controlled by residents of an EU Member State (other than Ireland) or a treaty partner jurisdiction; or (iv) a non-resident company can also qualify for the exemption if the principal class of shares in the company or its 75% parent are substantially and regularly traded on a recognized stock exchange in the EU (including Ireland) or in a treaty partner jurisdiction.

5.1 Withholding tax on dividends

Belgium	Ireland
A separate exemption from withholding tax applies to dividends distributed by a resident company to resident and non-resident companies located in the EEA or a tax treaty country providing for exchange of information that hold a participation in the distributing company's capital of less than 10% and with an acquisition value of at least EUR 2.5 million for an uninterrupted period of at least 12 months (or commitment to hold), to the extent that the receiving entity cannot credit Belgian withholding tax and that it meets subject-to-tax requirements. The receiving entity must certify the fulfilment of the conditions. **Small companies** Reduced withholding tax rates are available for distributions by so-called small companies according to Belgian corporate law. **Capital reduction** The reimbursement of paid-up capital is in principle exempt from withholding tax. For dividend withholding tax purposes, paid-up capital reimbursements are deemed to derive proportionally from paid-up capital and from taxed reserves (incorporated and non-incorporated into capital) and exempt reserves incorporated into the capital. The reduction of capital is only allocated to paid-up capital in the proportion of the paid-up capital in the total capital increased by certain reserves. The portion allocated to the reserves is deemed to be a dividend and subject to withholding tax (unless an exemption applies).	**Remark** In relation to the domestic exemptions above, the Irish company may pay a dividend free from withholding taxes as long as the recipient company or individual makes a declaration in the specified form in relation to its entitlement to the domestic exemption. There is no minimum shareholding requirement. **Liquidation proceeds** Liquidation distributions are not subject to dividend withholding tax. See however under 6 below regarding capital gains tax upon liquidation.

5.2 Withholding tax on interest

Belgium	Ireland
The domestic interest withholding tax rate is generally 30%, which may be reduced to 0-10% by virtue of tax treaties and domestic exemptions (e.g. registered bonds, and interest payments to banks). 0% withholding tax on interest payments to a qualifying EU company ('Beneficiary') may apply, provided that: (i) the Beneficiary holds or commits to hold directly or indirectly at least 25% of the share capital of the debtor (or vice versa) for a period of at least one year; or (ii) a third EU company holds or commits to hold directly or indirectly at least 25% of respectively the share capital of the Belgian debtor and that of the Beneficiary for a period of at least one year. Interest payments to a non-EU branch of an EU company do not qualify for the 0% rate.	Withholding tax (20%, subject to reduction under tax treaties) is levied on 'yearly interest' paid by a company. It is only applicable to short-term interest (i.e. interest on a debt of less than a year) where paid to an associated company that is resident in a zero or no-tax jurisdiction or a jurisdiction that is included on the EU blacklist. **Exemption** A number of exemptions apply, including: (i) Interest paid by a company or an investment undertaking (in the ordinary course of a trade or business carried on by that person) to a company resident for tax purposes in a member state of the EU (other than Ireland) or a treaty partner jurisdiction provided (i) that jurisdiction imposes a tax which generally applies to interest receivable from foreign territories or (ii) the double tax treaty provides for withholding tax on interest to be reduced to nil, except where such interest is paid to that company in connection with a trade or business which is carried on in Ireland by that company through a branch or agency; (ii) Pursuant to the implementation of the EU Interest and Royalty Directive into Irish law, no withholding tax is due on cross border interest and royalty payments between associated companies in the EU. Two companies are associated if one owns at least 25% of the other or at least 25% of each company is owned by a third company; (iii) Interest paid by a treasury company to other Irish resident companies where both companies are members of the same group (51% relationship required).

5.3 Withholding tax on royalties

Belgium	Ireland
30% but often exempt by virtue of tax treaties. 0% withholding tax to qualifying EU companies under similar conditions as set forth under 5.2 above.	Withholding tax is only applicable to patent royalties, at the rate of 20%. The rate may be reduced to between 0% and 15% by virtue of a tax treaty. **Exemptions** (i) Pursuant to the implementation of the EU Interest and Royalty Directive into Irish law, no withholding tax is due on cross border interest and royalty payments between associated companies in the EU; (ii) A domestic exemption applies to royalties paid by a company to a company resident for tax purposes in a member state of the EU (other than Ireland) or a treaty partner jurisdiction in certain circumstances; and (iii) A concessionary exemption from withholding tax applies on patent royalty payments made to a non-double taxation treaty resident company once certain conditions are fulfilled.

6. Non-resident capital gains taxation

Belgium	Ireland
Gains realized by non-resident entities without a Belgian permanent establishment to which the shares are attributed, in respect of shares in a Belgian company, are not taxable. Gains realized by non-resident individuals in respect of shares in a Belgian company are taxable under certain circumstances (if there is no adequate treaty protection).	Gains realized by non-residents on the disposal of shares in an Irish company are not taxable, except when the shares in the Irish company derive their value or the greater part of their value directly or indirectly from land, minerals, mining or exploration rights in Ireland. However, if the shares in the Irish company are quoted on a stock exchange such capital gains tax does not apply. Liquidation proceeds are subject to capital gains tax in the hands of the shareholder of the liquidated company, in circumstances where the conditions for the capital gains tax exemption described in 3.3 above are not met at the moment of liquidation.

7. Tax rulings

Belgium	Ireland
The application of the participation exemption regime does not require obtaining a ruling, although in principle this would be possible. Belgium automatically exchanges information on advance cross-border tax rulings and advance pricing agreements in conformity with EU law. The categories of tax rulings on which information has to be exchanged are identified in the OECD BEPS Action 5 Final Report.	The application of the Irish tax rules does not require a tax ruling. However, if there is doubt as to the application of the rules, for example, whether the group can be regarded as a trading group for the purpose of a capital gains tax relief, the opinion of the Revenue may be sought. This opinion is not binding and ultimately the status of the company will be decided by the individual Inspector of Taxes responsible for that company. However, where full facts are disclosed to the Revenue it would be unlikely that the individual Inspector would come to a different view. Ireland (and all other EU Member States) is required to automatically exchange certain information on cross-border tax rulings and advanced pricing agreements issued on or after January 1, 2017. In addition, certain tax rulings and advance pricing agreements issued, amended or renewed on or after January 1, 2012 that were still valid on or after January 1, 2014 are also subject to exchange. Ireland has also implemented the OECD framework regarding the compulsory exchange of information on tax rulings issued on or after April 1, 2016. Tax rulings issued on or after January 1, 2010 that were still valid on or after January 1, 2014 had to be exchanged before 2017. The categories of tax rulings on which information has to be exchanged are identified in the OECD BEPS Action 5 Final Report.

8. Anti-abuse provisions

8.1 CFC rules

Belgium	Ireland
Belgium initially applied CFC rules based on so-called 'Model B' provided for by ATAD 1 but switched to 'Model A' with effect as from tax year 2024 (income year 2023). A foreign company (including a PE of this foreign company) as well as a foreign PE of a Belgian taxpayer (to the extent that Belgium concluded a double tax treaty with the country where the PE is located) qualifies as a CFC if: (i) At the end of the taxable period, the Belgian taxpayer itself or with associated enterprises holds the majority of voting rights, or owns at least 50% of the capital, or is entitled to receive at least 50% of the profits of the foreign company (i.e. Participation test); and (ii) The foreign company or foreign PE is in its country of residence either not subject to an income tax or is subject to an income tax that is less than half of the income tax that would be due if the company or PE would be established in Belgium (i.e. Taxation test). The Participation test is met only if the Belgian taxpayer directly holds at least 1 share of the foreign company. The Taxation test is deemed to be met if, at the end of the taxable period, the foreign company or PE is established in (1) a jurisdiction included in the Belgian list of no or low taxed countries, or (2) in the EU list of non-cooperative jurisdictions. However, this presumption is rebuttable. If a foreign company or PE qualifies as a CFC, the non-distributed passive income of the CFC, as determined according to Belgian tax rules, becomes taxable in the hands of the Belgian taxpayer.	Ireland introduced CFC rules from January 1, 2019, that apply to companies that are not resident in Ireland and that are controlled (directly or indirectly) by a company or companies that are resident in Ireland. The rules have been amended with effect from January 1, 2021 to provide more stringent criteria in respect of subsidiary companies resident in jurisdictions included in the EU list of non-cooperative tax jurisdictions. The legislation also provides for defensive measures, including the disapplication of certain exemptions, against CFCs resident in such territories. A CFC charge will only arise to the extent that: (a) the CFC has undistributed income; and (b) the CFC generates income by reference to activities (significant people functions or key entrepreneurial risk-taking functions) carried on in Ireland. There are a number of exemptions from the CFC charge. For example, no CFC charge will arise if: (a) the undistributed income is attributable to Irish activities that are either performed under arrangements entered into on arm's length terms or are subject to the Irish transfer pricing rules; (b) the essential purpose of the arrangements is not to secure a tax advantage; (c) the CFC satisfies a de minimis exemption based on either a 'low accounting profits' or a 'low-profit margin' test; or (d) the tax paid by the CFC in its country of residence (including tax on chargeable gains) is more than half of the tax that it would have been paid if the CFC was tax resident in Ireland.

8.1 CFC rules

Belgium	Ireland
However, even if the foreign company or PE qualifies as a CFC, the income of the latter is not subject to CFC taxation if (i) the CFC carries on a substantive economic activity, or (ii) less than one third of the income constitutes passive income, or (iii) the CFC qualifies as a financial undertaking and derives its passive income for maximum one third from transactions with the Belgian taxpayer. Nevertheless, even if exempted, a Belgian taxpayer should always report in its tax return that it holds a participation in a foreign company or PE that qualifies as a CFC. Arguably, this reporting obligation also applies to indirectly held CFCs. If the presence of a CFC is reported, some additional information must be disclosed (e.g. place of management and the exemption that is relied upon). Note that various measures are put in place to avoid double taxation. Note that a request for annulment of certain provisions introducing the new Belgian CFC regime has been filed with the Belgian Constitutional Court. The claimants argue that certain aspects of the regime (e.g. the interpretation of a substantive economic activity) violate the Belgian Constitution and the EU fundamental freedoms. A decision from the Constitutional Court can be expected in 2025. If the Constitutional Court refers preliminary questions to the CJEU, the process is further delayed by approximately an additional 18 months.	In cases where a CFC charge does arise, this charge is calculated in accordance with Irish transfer pricing principles. The amount upon which the charge is calculated is capped by reference to the undistributed income of the CFC attributable to Irish activities. The CFC charge is applied at the Irish corporation tax rates (12.5% to the extent the profits are generated from trading activities and 25% in all other cases).

8.2 Earnings stripping rules

Belgium

Belgium has introduced earnings stripping rules pursuant to ATAD 1.

According to these earnings stripping rules the deduction of the exceeding borrowing costs in a taxable year is limited to the higher of:

(i) 30% of the EBITDA for tax purposes; or
(ii) EUR 3 million.

'Exceeding borrowing costs' are defined as the positive difference between (a) the amount of the deductible interest costs (and other costs that are economically equivalent) of a taxpayer that are not allocable to a permanent establishment if its profits are exempt in accordance with a double tax treaty and (b) taxable interest revenues (and other income that is economic equivalent to interest) that the taxpayer receives and that are not exempt pursuant to a double tax treaty.

EBITDA is determined based on the tax adjusted accounting result including disallowed expenses to be:

- increased with tax deductible depreciations and write-offs, the exceeding borrowing costs that are tax deductible and exceeding borrowing costs carried forward that have been deducted; and
- decreased with certain tax exempt income (i.e. income that benefit from the participation exemption, the patent income deduction, the innovation income deduction and income that is exempt pursuant to a double tax treaty), with the amount of the group contribution and with profit realized through the execution of a long-term public infrastructure project if the operator, interest cost, assets and profits are located in the EU.

Ireland

ATAD required EU Member States to implement an interest limitation rule ('**ILR**') by January 1, 2019. In general terms, under the ILR a company's ability to deduct its 'exceeding borrowing costs' is capped at 30% of its Earnings before interest, taxes, depreciation and amortization ('EBITDA'). These rules have been transposed into Irish law and apply to Irish companies with respect to their accounting periods commencing on or after January 1, 2022.

Importantly, an entity should only have exceeding borrowing costs to the extent that its deductible interest (or interest equivalent) expenses exceed its taxable interest (or interest equivalent) income.

There are a number of circumstances in which Irish taxpayers can deduct exceeding borrowing costs in excess of 30% of EBITDA. Broadly, these are as follows:

- **€3 million de minimis:** An entity will fall outside the scope of the ILR entirely if its exceeding borrowing costs are €3 million or less in each year. If this threshold is breached, the ILR applies to the entire amount of the exceeding borrowing costs (i.e. not just the amount in excess of €3 million).

- **Standalone entity:** Standalone entities (i.e. entities which do not financially consolidate, do not have any 25% plus shareholder connections and do not have a branch outside Ireland) are exempt from the ILR.

8.2 Earnings stripping rules

Belgium	Ireland
For taxpayers that are part of a group, the exceeding borrowing costs and the threshold amount are to be considered on a consolidated basis over the Belgian group companies and Belgian permanent establishments of foreign group companies. Interest that cannot be deducted pursuant to this new interest limitation rule can be carried forward indefinitely. A grandfathering rule applies for interest payments made under loans concluded prior to June 17, 2016, if no material changes were made to the agreement. For these loans the thin capitalization rule (debt to equity ratio of 5:1) remains applicable.	• **Equity ratio rule:** An entity can fully deduct its exceeding borrowing costs if its equity capitalization is equal to or higher than (or within 2% of) its accounting consolidated group's equity capitalization. • **Group ratio rule:** An entity may deduct exceeding borrowing costs at a percentage of EBITDA which is greater than 30% where that is consistent with the ratio of the exceeding borrowing costs / EBITDA of its worldwide accounting consolidated group. • **Single company worldwide group:** There are two versions of this exemption, one which applies the group ratio rule and the other which applies the equity ratio rule. If either of these apply to a company, it can effectively exempt the company from the ILR. This exemption can apply to companies which are not in any IFRS consolidated accounting group, not standalone entities and have not elected into an Irish interest group, provided they do not pay any tax deductible interest payments to related parties. • **Legacy debt:** Loans concluded before June 17, 2016 are not affected by the ILR.

8.3 General anti-abuse rules

Belgium	Ireland
Belgian tax law contains a general anti-abuse provision which is aimed at combating purely tax driven structures. Under this provision legal acts or a set of legal acts are not enforceable in the case of tax abuse. In order for tax abuse to occur, the taxpayer should perform an act in which he places himself in a situation contrary to the objective of a provision of the Belgian Income Tax Code 1992 or of the related implementing decrees. In addition, the tax authorities should provide proof that the legal act (or the whole series of legal acts) has been chosen with a view to obtaining a tax advantage. The taxpayer can always provide proof to the contrary. Belgian tax law is further also familiar with the sham doctrine.	General anti-avoidance legislation was first introduced in Ireland in 1989. Section 811 of the Taxes Consolidation Act 1997 ('**TCA**') (for transactions entered into on or before October 23, 2014) and Section 811C TCA (for transactions entered into after 23 October 2014) empower the Revenue to cancel any tax advantage obtained by a taxpayer as the result of a tax avoidance transaction. Both Section 811C TCA and Section 811 TCA and intended to defeat the effects of transactions which have little or no commercial reality but are intended primarily to avoid or reduce a tax charge or to artificially create a tax deduction or tax refund. The taxes covered by Section 811C include income tax, corporation tax, capital gains tax, value-added tax, capital acquisitions tax, stamp duty and the universal social charge. Section 811C TCA denies any person the benefit of a tax advantage created through the use of a tax avoidance transaction. If a person claims that benefit, contrary to the section, then a Revenue officer can withdraw or deny that tax advantage and that can be done through the making or amending of an assessment. Where the Revenue believes that a transaction is a 'tax avoidance transaction', it can assess the taxpayer on the amount of tax it believes has been avoided. The test under Section 811C TCA is that Revenue must be of the view that it is 'reasonable to consider' that the transaction (a) gives rise to a tax advantage, and (b) was not undertaken or arranged primarily for purposes other than to give rise to a tax advantage.

8.3 General anti-abuse rules

Belgium	Ireland
	Genuine business transactions, even if carried out in a manner intended to attract the minimum amount of tax, should not be regarded as tax avoidance transactions. Neither should the legitimate use of a tax relief be regarded as a tax avoidance transaction.

8.4 Exit taxation

Belgium	Ireland
Belgian tax law provides for exit taxation: (a) on unrealized capital gains in the event of an outbound transfer of the tax residence, an outbound restructuring or an outbound transfer of assets/businesses; (b) on unrealized capital gains in the event that a Belgian company transfers assets to a foreign PE, provided the profits of that permanent establishment are treaty-exempt in Belgium. However, in case of a transfer of tax residence from Belgium to another EU Member State, no exit taxation applies: • in relation to assets and liabilities that are maintained within a Belgian establishment after the transfer and that continue to contribute to the taxable basis of such Belgian establishment; • to the extent tax-exempt reserves of the Belgian company at the time of transfer are retained within a Belgian establishment of this company. In the event of an inbound restructuring and an inbound (tax) migration, Belgium in principle accepts the market value as the tax base of the transferred assets ('step-up basis'). To the extent that these assets were subject to an exit tax in the country of emigration and Belgium has concluded a treaty with this country that provides for the possibility to exchange information, the value established by this foreign country is refutably presumed to correspond to the market value (unless it is a tax haven). If these conditions are not fulfilled, the market value is presumed to correspond to the book value according to Belgian rules, unless proof to the contrary is provided.	An exit charge will arise when: • a company migrates its place of residence from Ireland to any other jurisdiction; • assets of an Irish Primary Establishment ('PE') are allocated from the Irish PE to the company's head office or to a PE in another jurisdiction; or • the business of an Irish PE is allocated from the Irish PE to the company's head office or to a PE in another jurisdiction. These exit tax rules deem a disposal to have been made at market value and the gain arising is charged to exit tax at 12.5%. The exit charge does not apply to assets that remain within the Irish tax charge (for example, Irish real estate or assets that continue to be used in the business of an Irish branch). The exit charge may be deferred and paid over five years in six instalments. If the exit charge is unpaid, Revenue may pursue any other Irish resident group company or an Irish resident director who has a controlling interest in the company that is subject to the charge. An anti-avoidance provision is included in the legislation to ensure that a rate of 33% rather than 12.5% applies if the exit forms part of a transaction to actually dispose of the asset and the purpose of the exit is to ensure that the gain is charged at the lower rate.

8.4 Exit taxation

Belgium	Ireland
A deferred payment regime of 5 years can be applied for companies subject to exit taxes on (EEA) outbound cross-border transfer of assets/business, tax residence and restructuring.	

8.5 Hybrid mismatch rules

Belgium	Ireland
Belgium has introduced hybrid mismatch rules on the basis of ATAD 2. The hybrid mismatches covered by the rules include (i) payments on hybrid financial instruments, (ii) payments to or by hybrid entities, (iii) payments to hybrid permanent establishments, (iv) deemed payments between the head office and its establishment, or between two or more establishments to the extent it gives rise to a deduction without inclusion outcome, (v) payments made to an entity with one or more locations giving rise to a deduction without inclusion due to differences in the allocation of the payment between the head office and its establishment or between two or more establishments of the same entity under the law of the jurisdictions where the entity carries out its activities, (vi) payments by dual resident entities and (vii) payments to the extent they finance expenses deductible in the hands of the foreign company if no equivalent adjustment is made by the other state involved ('imported mismatches'), which can lead to deduction of such payment without inclusion or double deduction of such payment. Exceptions may apply, dependent on the specific facts and circumstances. These hybrid mismatches are tackled by means of (i) the disallowance of deductions from the Belgian corporate income tax base of costs relating to payments made in the context of a hybrid mismatch or (ii) the inclusion in the Belgian corporate income tax base of certain income received in the context of a hybrid mismatch. In case of a hybrid transfer that leads to multiple tax credits in various jurisdictions for the same withholding at source, the foreign tax credit has to be limited.	Ireland has introduced hybrid mismatch rules, on the basis of ATAD 2 which apply to all corporate taxpayers; there is no de minimis threshold below which the rules do not relate. The purpose of the hybrid mismatch rules is to neutralize the tax effects of hybrid mismatches by limiting the deduction of payments or by including the payments in the taxable income of the Irish corporate taxpayer. The hybrid mismatches covered by the rules include (i) payments on hybrid financial instruments, (ii) payments to or by hybrid entities, (iii) payments to or by hybrid permanent establishments, (iv) payments by dual resident entities and (v) payments made on a non-hybrid instrument that fund deductible payments if no equivalent adjustment is made by another state involved ('imported mismatches'), which can lead to deduction of such payment without inclusion or double deduction of such payment. Exceptions may apply, dependent on the specific facts and circumstances. Reverse hybrid mismatch rules have also been introduced in Ireland. Under these rules, an Irish entity will be considered a reverse hybrid entity where it is treated as transparent for Irish tax purposes but some or all of the profits of the entity are treated, for the purposes of tax in the jurisdiction in which its participators are established – being, broadly, a person or entity which controls or owns more than 50% of the hybrid entity – as arising or accruing to the hybrid entity on its own account.

8.5 Hybrid mismatch rules

Belgium	Ireland
	Where these rules apply, the income of the reverse hybrid entity may be subject to Irish corporation tax (i.e. the relevant entity may not be treated as transparent for Irish tax purposes but instead may be treated as a corporate taxpayer). However, the rules should not apply where the 'relevant participators' are: (a) exempt from tax under the laws of the territory in which they are established; (b) established in a territory that does not impose a foreign tax; or (c) established in a territory that does not impose a tax on profits or gains derived from payments receivable in that territory from sources outside that territory. An exemption from these rules also applies to 'collective investment vehicles' which satisfy certain conditions, including, broadly, that they are 'widely-held' and invest in a 'diversified portfolio of assets'.

8.6 Other (domestic) anti-abuse provisions and doctrines

Belgium	Ireland
The rules described under 3.2 and 5.1 above, which excludes certain distributions from the participation exemption and the exemption of dividend withholding tax, effectively constitutes a specific anti-abuse measure.	Ireland has implemented the anti-abuse rules included in the amended Parent-Subsidiary Directive. The domestic Irish exemptions from interest and dividend withholding tax do not include specific anti-abuse provisions.

9. Mandatory disclosure rules

Belgium	Ireland
Belgium has introduced mandatory disclosure rules on the basis of DAC6. In general, the Belgian implementation follows the minimum standard of DAC6. A cross-border arrangement is reportable if it concerns at least one EU Member State and contains at least one of the hallmarks set out in DAC6. In pure domestic situations and situations having no link to any EU Member State, no reporting obligations exist in Belgium. Guidance was issued by the Belgian tax administration on the hallmarks and the obligations under the mandatory disclosure rules on June 25, 2020.	Ireland has introduced mandatory disclosure rules on the basis of DAC6. A cross-border arrangement is reportable if it 'concerns' at least one EU Member State and a third country (provided one of five conditions is met), and contains at least one of the hallmarks set out in DAC6. In pure domestic situations and situations having no link to any EU Member State, no reporting obligations exist in Ireland.

10. Income tax treaties / MLI

10.1 Signatory to the MLI / ratification

Belgium	Ireland
Belgium signed the MLI on June 7, 2017. Belgium submitted a list of 99 of its tax treaties that it designated as Covered Tax Agreements. The tax treaties concluded with Germany, Japan, Norway, Taiwan and Switzerland were not notified. Belgium made a number of reservations to the provisions in the MLI. Belgium will not apply article 4 (dual resident entities), article 5 (application of methods for elimination of double taxation), article 9 (1) (a) (capital gains on shares in real estate companies), article 10 (anti-abuse rule for permanent establishments situated in third countries) and article 14 (splitting-up of contracts). Belgium has chosen for the principal purpose test without 'limitation on benefits' clause in relation to article 7 (prevention of treaty abuse) and option B in relation to article 13 (artificial avoidance of permanent establishment status – specific activity exemption). The instrument of ratification of the MLI has been deposited by Belgium with the OECD on June 26, 2019, and thus the MLI entered into force for Belgium on October 1, 2019. The MLI took effect for Belgium's CTAs as from January 1, 2020, for withholding tax provisions and for all other purposes as from accounting periods beginning on or after April 1, 2020, when the treaty partner jurisdiction has also completed the ratification process.	Ireland ratified the MLI on January 29, 2019. Ireland has 78 tax treaties, 75 of which are in effect, and has confirmed that it will treat 71 of those tax treaties as Covered Tax Agreements. The key changes to Ireland's tax treaties which will be made under the MLI are the adoption of a principal purpose test; a tie-breaker test based on mutual agreement to determine tax residence for dual resident entities; and a number of measures, including mandatory binding arbitration, to resolve tax treaty disputes more efficiently. Ireland has a number of reservations to the MLI. Ireland will not adopt the changes to the permanent establishment definition designed to treat commissionaires as permanent establishments due to the continuing significant uncertainty as to how the test would be applied in practice and will not adopt the narrower specific activity exemptions within the permanent establishment definition. Ireland will also not apply article 11 (savings clause). The MLI took effect in Ireland from January 1, 2020 to update Ireland's tax treaties for withholding tax provisions and for all other purposes for accounting periods beginning on or after November 1, 2019.

10.2 Income tax treaties and effect of the MLI[2]

The below overview shows income tax treaties that are in force as of January 1, 2025. Treaties in respect of which both countries have listed the treaty as a Covered Tax Agreement in relation to the MLI are shown in **bold**. Treaties in respect of which the MLI has entered into force for both countries as of January 1, 2025 (i.e., both countries have deposited their instrument of ratification with the OECD no later than September 30, 2024) are shown in **<u>bold underlined</u>**.

Treaties that are not considered a Covered Tax Agreement but do contain a Principal Purpose Test in line with the MLI are indicated with an asterisk (i.e. '*').

As a general rule, the MLI will be effective for a specific treaty (a) for withholding taxes: as from the first day of the calendar year beginning after the date on which the MLI has entered into force for both countries; and (b) for all other taxes: for taxable periods beginning on or after expiration of a period of 6 calendar months after the date on which the MLI has entered into force for both countries. Exceptions may apply.

Belgium	Ireland
As of January 1, 2025, Belgium has income tax treaties in force with the following countries:	As of January 1, 2025, Ireland has income tax treaties in force with the following countries:
1. **<u>Albania</u>**	1. **<u>Albania</u>**
2. Algeria	2. **<u>Armenia</u>**
3. **Argentina**	3. **<u>Australia</u>**
4. **<u>Armenia</u>**	4. **<u>Austria</u>**
5. **<u>Australia</u>**	5. **<u>Bahrain</u>**
6. **<u>Austria</u>**	6. Belarus
7. **<u>Azerbaijan</u>**	7. **<u>Belgium</u>**
8. **<u>Bahrain</u>**	8. **<u>Bosnia and Herzegovina</u>**
9. Bangladesh	9. Botswana
10. Belarus	10. **<u>Bulgaria</u>**

[2] Only comprehensive income tax treaties are included.

Belgium	Ireland
11. **Bosnia and Herzegovina**	11. **Canada**
12. Brazil	12. **Chile**
13. **Bulgaria**	13. **China (People's Rep.)**
14. **Canada**	14. **Croatia**
15. **Chile**	15. **Cyprus**
16. **China (People's Rep.)**	16. **Czech Republic**
17. Congo (Dem. Republic)	17. **Denmark**
18. **Croatia**	18. **Egypt**
19. **Cyprus**	19. **Estonia**
20. **Czech Republic**	20. Ethiopia
21. **Denmark**	21. **Finland**
22. Ecuador	22. **France**
23. **Egypt**	23. **Georgia**
24. **Estonia**	24. Germany
25. **Finland**	25. **Greece**
26. **France**	26. **Hong Kong**
27. **Gabon**	27. **Hungary**
28. **Georgia**	28. **Iceland**
29. Germany	29. **India**
30. Ghana	30. **Israel**
31. **Greece**	31. **Italy**
32. **Hong Kong**	32. **Japan**
33. **Hungary**	33. **Kazakhstan**
34. **Iceland**	34. **Korea (Rep.)**

Belgium		Ireland	
35.	**India**	35.	**Kosovo***
36.	**Indonesia**	36.	**Kuwait**
37.	**Ireland**	37.	**Latvia**
38.	**Israel**	38.	**Lithuania**
39.	**Italy**	39.	**Luxembourg**
40.	**Ivory Coast**	40.	Macedonia
41.	Japan*	41.	**Malaysia**
42.	**Kazakhstan**	42.	**Malta**
43.	Kosovo	43.	**Mexico**
44.	**Korea (Rep.)**	44.	Moldova
45.	**Kuwait**	45.	Montenegro
46.	Kyrgyzstan	46.	**Morocco**
47.	**Latvia**	47.	Netherlands
48.	**Lithuania**	48.	**New Zealand**
49.	**Luxembourg**	49.	**Norway**
50.	**North Macedonia**	50.	**Oman**
51.	**Malaysia**	51.	**Pakistan**
52.	**Malta**	52.	**Panama**
53.	**Mauritius**	53.	**Poland**
54.	**Mexico**	54.	**Portugal**
55.	Moldova	55.	**Qatar**
56.	**Mongolia**	56.	**Romania**
57.	Montenegro	57.	**Russia**
58.	**Morocco**	58.	**Saudi Arabia**

Belgium	Ireland
59. **Netherlands**	59. **Serbia**
60. **New Zealand**	60. **Singapore**
61. **Nigeria**	61. **Slovak Republic**
62. Norway	62. **Slovenia**
63. **Pakistan**	63. **South Africa**
64. Philippines	64. **Spain**
65. **Poland**	65. **Sweden**
66. **Portugal**	66. Switzerland
67. **Romania**	67. **Thailand**
68. **Russia**	68. **Turkey**
69. Rwanda	69. **Ukraine**
70. **San Marino**	70. **United Arab Emirates**
71. **Senegal**	71. **United Kingdom**
72. **Serbia**	72. United States
73. **Seychelles**	73. Uzbekistan
74. **Singapore**	74. **Vietnam**
75. **Slovak Republic**	75. Zambia
76. **Slovenia**	
77. **South Africa**	
78. **Spain**	
79. Sri Lanka	
80. **Sweden**	
81. Switzerland	
82. Taiwan	

Belgium	Ireland
83. Tajikistan 84. **Thailand** 85. **Tunisia** 86. **Turkey** 87. Turkmenistan 88. **Ukraine** 89. **United Arab Emirates** 90. **United Kingdom** 91. United States 92. **Uruguay** 93. Uzbekistan 94. Venezuela 95. **Vietnam**	

Part II
Luxembourg and the Netherlands

1. Business environment

1.1 Business climate – general

Luxembourg	the Netherlands
Luxembourg is globally renowned for its successful long-term economic performance and its GDP per capita which consistently ranks among the highest in the world. Due to its sound macroeconomic fundamentals, Luxembourg is AAA-rated by all credit rating agencies. With one of the world's safest business environments, notably as a result of its stable financial, political and social environment and innovative approach towards the financial sector, Luxembourg has built its position as a popular European financial center. The pro-business environment and supporting policies implemented by the Luxembourg government have contributed to the international popularity of Luxembourg as an investment location. Luxembourg is the largest investment fund center in Europe and the second largest in the world in terms of assets under management.	The stable political, regulatory and economic environment in the Netherlands creates a reliable place to do business. As a result of its internationally oriented economy and long-standing tradition of cross-border trade and services, the Netherlands has an attractive and competitive investment and business climate. The Netherlands has a leading position for the establishment of European or regional headquarters. According to the World Economic Forum's Global Competitiveness Report, the Netherlands is the third competitive economy in Europe and the 5th most competitive economy in the world. The Netherlands ranks 1st on the 2024 Globalisation Index, which measures the economic, social and political dimensions of the globalization of nation states.

1.2 Location, logistics and infrastructure

Luxembourg	the Netherlands
Luxembourg is strategically located in the heart of Europe. Luxembourg is connected to the whole European continent by offering direct flights to all capitals and it shares direct borders with Germany, France and Belgium. Luxembourg is further supported by an efficient road network. Luxembourg offers high-quality service providers with expertise in key sectors (e.g. pharma and healthcare, high valuables, high-tech and electronics, finance). Luxembourg ranks 29th of 67 economies covered by the IMD World Competitiveness Center in the 2024 IMD World Digital Competitiveness Ranking.	The Netherlands has a geographic location at the heart of the wealthiest and most densely populated area of Europe, sharing borders or closely connected with large economies like Germany, France, Italy and the United Kingdom. It serves as a logistic gateway to Europe, supported by its infrastructure, including Europe's largest seaport (Rotterdam), a well-connected international airport (Schiphol) and renowned roads, rail networks and waterways. The Netherlands is among the most 'wired' countries, in terms of high-speed internet, advanced ICT systems, data centers and computer and cell-phone technology and coverage.

1.3 Hiring employees

Luxembourg	the Netherlands
Luxembourg has a highly qualified, international and multilingual workforce which can answer to the needs of EU and non-EU investors. Luxembourg has introduced a favorable expatriate tax regime dedicated to expatriates who have tax residence in Luxembourg. Under such regime, certain employee moving costs and other recurring employee costs that are borne by the employer do not have to be reported as benefits in kind by the employee. Luxembourg has the highest labor productivity in the world (The Conference Board Productivity Brief, 2023). The 2023 Global Talent Competitiveness Index ranks Luxembourg 11th in the world. In the Human Development Index 2022 of the United Nations, which focuses on the richness of human lives, Luxembourg ranks 20th of 193 countries in total.	The Netherlands has a highly skilled, productive and international workforce. The Dutch knowledge for English as a second language is recognized as the best in the world in the 2024 EF English Proficiency Index. A favorable expatriate tax regime inter alia allows employers to pay up to 27% of the gross remuneration as a tax free allowance. The 2023 Global Talent Competitiveness Index ranks the Netherlands 5th in the world. In the Human Development Index 2021/2022 of the United Nations, which focuses on the richness of human lives, the Netherlands ranks 10th of 193 countries in total.

1.4 Other aspects of business environment

Luxembourg	the Netherlands
Apart from its sophisticated and strong financial sector, Luxembourg supports and promotes innovative start-ups. Companies carrying out R&D projects benefit from generous public grants, proximity to and simplicity of communications with local administrations and government, organizations and decision-makers. To stimulate innovation and increase the resilience of the Luxembourg's economy, Luxembourg has massively supported cutting-edge technologies. For example, Luxembourg is the first European country to have implemented a legal framework for the utilization of resources mined on asteroids. Also, the Luxembourg Green Exchange ('LGX'), which was founded in 2016, is the only stock exchange in the world to trade exclusively in sustainable bonds.	The Netherlands is a hub for R&D and innovation and is home to world-class research institutes (including twelve tech universities) and numerous strategic public-private partnerships in various sectors (including agriculture/food, IT, chemicals, high tech systems, life sciences & health and media). In the EU Innovation Scoreboard 2024, the Netherlands is ranked as the 4th best jurisdiction for innovators. To stimulate innovation and sustainable investments, the Netherlands offers innovative companies (inter alia) a tax compensation for part of the research and development (R&D) expenses incurred and offers tax allowances for energy-saving equipment and environmentally friendly investments.

2. Tax on capital contributions

Luxembourg	the Netherlands
There is no tax on capital contributions in Luxembourg.	There is in principle no tax on capital contributions in the Netherlands. However, CIT can potentially be due if an asset (or liability) is transferred to a Dutch entity by way of a capital contribution in kind whereby a different value compared to the fair market value is taken into account at the level of the transferor (or in case the jurisdiction of the transferor levies no profit tax or applies a tax system with non-realization / non-recognition). In that case the Dutch entity receives a tax base in the contributed asset (or liability) equal to the value that is subject to a profit tax at the level of the Transferor. As a result, gains realized on a subsequent disposal by the Dutch entity (due to the lower tax base) would in principle constitute taxable income for CIT purposes.

3. Corporate income tax

3.1 Corporate income tax ('CIT') rate

Luxembourg	the Netherlands
The effective combined maximum CIT rate is 23.87%. Such combined rate consists of (i) national CIT (16%), increased by a solidarity surtax (7%) that is imposed on the CIT amount, which results in an aggregate CIT rate of 17.12%, and (ii) municipal business tax (6.75% for Luxembourg City). A reduced national CIT rate that ranges between 14% and 16% applies if the taxable income does not exceed EUR 200,000. **Net wealth tax** Annual net wealth tax is levied on the net assets of a company as per January 1 of each year. The first EUR 500 million of taxable net wealth is taxed at a rate of 0.5% and a reduced rate of 0.05% applies to any excess. Participations that qualify for the participation exemption on dividends are exempt from net wealth tax. See 3.2 below for the applicable conditions, except for the 12-month holding period requirement which is not applicable for the exemption from net wealth tax. **Minimum net wealth tax** Annually, a minimum amount of net wealth tax is due in the following amount: (i) EUR 535 for companies with a balance sheet total that does not exceed EUR 350,000; (ii) EUR 1,605 for companies with a balance sheet total that exceeds EUR 350,000 but does not exceed EUR 2,000,000; and (iii) EUR 4,815 for companies with a balance sheet total that exceeds EUR 2,000,000.	CIT rate is 25.8%. A reduced rate of 19% applies for the first EUR 200,000 of taxable profits.

3.1 Corporate income tax ('CIT') rate

Luxembourg	the Netherlands
20% flat tax on income derived from real estate assets situated in Luxembourg Specialized investment funds ('SIFs'), 'Part II' undertakings for collective investment ('UCIs') and reserved alternative investment funds ('RAIFs') organized in a corporate form (i.e., SA, SCA or S.à r.l.) are subject to an annual 20% real estate levy on income derived from real estate assets situated in Luxembourg, whether they are held directly or through a tax transparent entity or a Fonds Commun de Placement ('FCP'). All the aforementioned investment vehicles must annually comply (by May 31st) with two declaration obligations: (i) a declaration of qualifying real estate income and (ii) a declaration of whether they ultimately derive income from real estate situated in Luxembourg or not. The annual declaration obligation applies to all the aforementioned investment vehicles irrespective of whether they owned a Luxembourg real estate asset (directly or through a tax transparent entity or an FCP) during the relevant period. Failure to comply may lead to a lump sum penalty of EUR 10,000.	

3.2 Dividend regime (participation exemption)

Luxembourg	the Netherlands
Dividends (including liquidation distributions) derived from a participation are fully exempt from CIT if the following cumulative conditions are met: (i) a minimum participation of at least 10% or with a fiscal acquisition price of at least EUR 1.2 million is held; (ii) the participation is held in (i) a capital company that is fully subject to Luxembourg CIT or a comparable foreign tax (i.e. a tax rate of at least 8% and a comparable tax base; a 'Comparable Tax') or (ii) an EU entity that qualifies for the benefits of the EU Parent-Subsidiary Directive; and (iii) on the distribution date, the company has held a qualifying participation continuously for at least 12 months (or commits itself to hold such participation continuously for at least 12 months). See, however, under 8.3 below regarding the potential application of the general anti-abuse rule and under 8.6 below regarding the potential application of the anti-abuse rule and the anti-hybrid rule to income derived from EU entities that fall within the scope of the EU Parent-Subsidiary Directive. Certain tax treaties concluded by Luxembourg grant a participation exemption for dividends under conditions different than those listed above. Once the minimum threshold and holding period are met, newly acquired shares of a qualifying participation qualify immediately for the participation exemption	Dividends are fully exempt from CIT under the participation exemption if the following three requirements are met: i. the company itself or a related party holds a participation of at least 5% of, as a general rule, the nominal paid-up share capital of a company with a capital divided into shares (the 'Minimum Threshold Test'); ii. one of the following three tests is met: a) the company's objective with respect to its participation is to obtain a return that is higher than a return that may be expected from portfolio investment management (the 'Motive Test'); b) the direct and indirect assets of the subsidiary generally consist for less than 50% of 'low-taxed free passive assets' (the 'Asset Test'); or c) the subsidiary is subject to an adequate levy according to Dutch tax standards (the 'Subject-To-Tax Test'); and iii. the payment received from the subsidiary is not deductible for CIT purposes in the country of the subsidiary. **Ad i.** If a qualifying participation drops below the threshold of 5%, this requirement will be considered to be met for a subsequent period of three years, provided that the participation qualified for the participation exemption for an uninterrupted period of at least one year prior thereto. Based on case law, the participation exemption also generally applies to option rights and warrants if, upon exercise, the holder would acquire a qualifying participation.

3.2 Dividend regime (participation exemption)

Luxembourg	the Netherlands
Dividends (excluding liquidation distributions) derived from a participation which meets the Comparable Tax test, but not (all of) the remaining conditions, are exempt for 50%. Such partial exemption only applies if the participation is held in a company that is resident in a treaty country or is a qualifying entity under the EU Parent-Subsidiary Directive. As from tax year 2025 (in relation to Pillar Two), the benefit of the participation exemption for dividends, as well as the aforementioned 50% exemption, can be waived by the taxpayer in respect of shareholdings of less than 10% that have a fiscal acquisition price of at least EUR 1.2. Any waiver must be made separately for each tax year and each participation. Such waiver may prevent mismatches between the Luxembourg participation exemption regime and the Luxembourg Pillar Two law (see 4 below).	**Ad ii.a)** The Motive Test is an all facts- and-circumstances test that is met when the company aims to obtain a return on its subsidiary that exceeds a portfolio investment return. This is considered to be the case, for instance, if the company is involved in the strategic management of the subsidiary or if the company (or its parent company) fulfills an essential function for the benefit of the business enterprise of the group. If more than 50% of the consolidated assets of the subsidiary consist of shareholdings of less than 5%, or if the subsidiary (together with its subsidiaries) predominantly functions as a group financing, leasing or licensing company, the Motive Test is deemed not to be met. **Ad ii.b)** An asset is a 'low-taxed free passive asset' if (i) it is a passive asset that is not reasonably required in the enterprise carried out by its owner and (ii) the income from such asset is effectively taxed at a rate of less than 10% (see ad ii.c below). Real estate is deemed to be a good asset for purposes of the Asset Test by operation of law (regardless of its function within the owner's enterprise and regardless of the tax position of the owner). For purposes of the 50% threshold of the Asset Test, the fair market value of the assets is decisive. The Asset Test is a continuous test and should be met throughout (almost) the entire tax year. Assets that are used for group financing, leasing or licensing activities are as a general rule deemed to be passive, unless they form part of an active financing or leasing enterprise as described in Dutch law, or are for 90% or more financed with loans from third parties.

3.2 Dividend regime (participation exemption)

Luxembourg	the Netherlands
	Ad ii.c) As a general rule, a participation is considered to be subject to an adequate levy if it is subject to a tax on profits levied at a rate of at least 10%. However, certain tax base differences, such as the absence of any limitations on interest deduction, a too broad participation exemption, deferral of taxation until distribution of profits, or deductible dividends, may cause a profit tax to disqualify as an adequate levy, unless the effective tax rate according to Dutch tax standards is at least 10%. If the Minimum Threshold Test, as referred to in 3.2 (i) hereof, is met but the remaining conditions of the participation exemption are not, a credit will be granted for the underlying tax paid by the participation at a maximum rate of 5% (except for qualifying EU participations, for which the actual tax can be credited). **Ad iii.** The participation exemption does not apply to payments received from a subsidiary to the extent that such payments are, directly or indirectly, deductible for CIT purposes in the country of the subsidiary (irrespective of whether the deduction is actually claimed).

3.3 Gains on shares (participation exemption)

Luxembourg	the Netherlands
Gains (including currency exchange gains) realized on the alienation of a participation are exempt from CIT under the following conditions: (i) a minimum participation of 10% or with a fiscal acquisition price of at least EUR 6 million is held; (ii) the participation is held in (i) a capital company that is fully subject to Luxembourg CIT or a comparable foreign tax (i.e. a tax rate of at least 8% and a comparable tax base) or (ii) an EU entity qualifying under the EU Parent- Subsidiary Directive; and (iii) on the date on which the capital gain is realized, the company has held a qualifying participation continuously for at least 12 months (or must commit itself to hold such participation continuously for at least 12 months). Once the minimum threshold and holding period are met, newly acquired shares of a qualifying participation qualify immediately for the participation exemption. The capital gains exemption described in this paragraph does not apply to the extent of previously deducted expenses, write-offs and capital losses relating to the respective participation (recapture). Such taxable (portion of the) capital gain can in principle be offset against tax loss carryforwards that may be available as a result of previously deducted expenses, write-offs and/or capital losses. Tax losses can be carried forward for 17 years, except for losses incurred during the years 1991 – 2016 which can be carried forward indefinitely. The anti-hybrid rule and the anti-abuse rule discussed under 8.6 below do not apply to the capital gains exemption described in this paragraph.	Gains realized on the alienation of a participation (including foreign exchange results) are fully exempt from CIT under the same conditions as described under 3.2 above for dividends. Gains realized on option rights and warrants are generally exempt by virtue of the participation exemption if, upon exercise, the holder would acquire a qualifying participation.

3.3 Gains on shares (participation exemption)

Luxembourg	the Netherlands
As from tax year 2025 (in relation to Pillar Two), the benefit of the participation exemption for capital gains can be waived by the taxpayer in respect of shareholdings of less than 10% that have a fiscal acquisition price of at least EUR 6 million. Any waiver must be made separately for each tax year and each participation. Such waiver may prevent mismatches between the Luxembourg participation exemption regime and the Luxembourg Pillar Two law (see 4 below).	

3.4 Losses on shares

Luxembourg	the Netherlands
Write-offs and capital losses on a participation (including currency exchange losses) are deductible, except if it concerns a write-off in relation to a pre-acquisition dividend. The deducted write-offs and capital losses may be recaptured in a future year if a capital gain is realized on the alienation of the respective participation (see under 3.3 above).	Losses on shares qualifying for the participation exemption are not deductible, except in the event of a liquidation of the participation (subject to stringent conditions). Losses incurred on option rights and warrants are not deductible if the participation exemption applies in respect of such option rights and warrants. See under 3.2. and 3.3 above.

3.5 Costs relating to the participation

Luxembourg	the Netherlands
Costs relating to a qualifying participation are generally deductible, provided they are at arm's length and subject to the following restrictions: (i) costs relating to a qualifying participation that are incurred during a given year are deductible only if and to the extent they exceed the exempt dividend income derived from the respective participation in that year; (ii) the interest deduction limitation rules implemented on the basis of ATAD 1 (see under 8.2 below) may apply; (iii) the hybrid mismatch rules implemented on the basis of ATAD 1 and ATAD 2 (see 8.5 below) may apply; (iv) the deduction limitation rules with respect to interest and royalties due to related party recipients established in non-cooperative jurisdictions (see 8.6 below) may apply; and (v) costs relating to qualifying participations that are deductible pursuant to the aforementioned rules are subject to the so-called 'recapture rule' (which is discussed hereafter). The 'recapture rule' (discussed under 3.3 above) applies to the cumulative amount of costs that relate to a qualifying participation and that have been deducted (recapture expenses). If a capital gain is realized in respect of the respective participation, such capital gain will be taxable up to the amount of the recapture expenses that relate to such participation. However, such taxable gain can be offset against any available tax loss carried forwards (see under 3.3 above). Currency exchange gains and losses incurred on loans to finance the acquisition of the participation are taxable / deductible.	Costs relating to the acquisition or alienation of a participation are not deductible. Other costs relating to the participation, such as interest expenses on acquisition debt, are in principle deductible for CIT purposes. However, the deduction of expenses on acquisition debt may inter alia be restricted pursuant to one of the following rules: (i) the earnings stripping rule implemented on the basis of ATAD 1 (see 8.2); (ii) the-hybrid mismatch rules implemented on the basis of ATAD 2 (see 8.5); (iii) the anti-base erosion rules which restrict, under certain circumstances, the deduction of expenses on related-party debt incurred in connection with certain tainted transactions, including the distribution of a dividend to a related party, or the acquisition of shares in a company which is a related party following the acquisition; (iv) the hybrid debt classification rules and the non-businesslike loan rules, as developed under case law. As a general rule, currency exchange gains with respect to borrowings to finance a participation are taxable and currency losses incurred on such borrowings are deductible. Subject to advance confirmation from the Dutch tax authorities, the participation exemption will apply to gains and losses on financial instruments entered into by the Dutch company to hedge its currency risk with respect to participations that qualify for the participation exemption.

4. Pillar Two

Reference is made to section III for a general summary of Pillar Two. Terms defined in that section are used below.

Luxembourg

General

Luxembourg applies an IIR and QDMTT for financial years starting on or after December 31, 2023.

Further, Luxembourg will apply a UTPR for financial years starting on or after December 31, 2024.

Mismatch ownership threshold participation exemption

The minimum threshold requirement of the Luxembourg participation exemption is a minimum shareholding of 10% or, alternatively, a shareholding with an acquisition price of at least EUR 1.2 million for dividends and EUR 6 million for capital gains (see 3.2 and 3.3 above). Shareholdings relying on the alternative threshold without satisfying the 10% threshold can have a negative impact on the ETR for Pillar Two purposes, as income (dividends and capital gains) and losses from such shareholdings are generally exempt from Luxembourg CIT under the participation exemption but do not qualify as an Excluded Dividend or an Excluded Equity Gain or Loss for Pillar Two purposes.

Mismatch scope participation exemption

Losses on shareholdings qualifying for the Luxembourg participation exemption are in principle deductible for Luxembourg CIT purposes, (see 3.4 above), whereas such losses may constitute an Excluded Equity Loss for Pillar Two purposes.

the Netherlands

General

The Netherlands applies an IIR and QDMTT for financial years starting on or after December 31, 2023. Further, the Netherlands applies a UTPR for financial years starting on or after December 31, 2024.

Mismatch ownership threshold participation exemption

The Dutch participation exemption applies to shareholdings of at least 5% if certain additional conditions are met (reference is made to par. 3.2 above). This means that shareholdings between 5% - 10% can have a negative impact on the ETR for Pillar Two purposes as income (dividends and capital gains) and losses from such shareholdings are generally exempt from Dutch corporate income tax under the participation exemption, but do not qualify as an Excluded Dividend (unless the holding period is satisfied) or an Excluded Equity Gain or Loss for Pillar Two purposes.

Mismatch scope participation exemption

Under strict conditions, losses on shareholdings within the meaning of the Dutch participation exemption are deductible for Dutch corporate income tax purposes upon liquidation of the subsidiary, whereas these may constitute an Excluded Equity Gain or Loss for Pillar Two purposes. This can negatively impact the ETR for Pillar Two purposes.

Luxembourg	the Netherlands
Available options for mitigating potential mismatches The Luxembourg Pillar Two law includes an Equity Investment Inclusion Election. Such election may reduce mismatches between the domestic participation exemption regime and the Pillar Two exemption rules. Pursuant to such election, a constituent entity's Pillar Two income or loss could include otherwise Excluded Equity Gains or Losses to the extent they are included in the domestic tax base of that constituent entity. Covered taxes (including those resulting from the use of tax losses) on such gains or losses would also be taken into account for the ETR computation for Pillar Two purposes. The Luxembourg Pillar Two law also provides for an option which allows the inclusion in the Pillar Two taxable base of dividends on portfolio shareholdings (i.e., interests of less than 10%) that are owned for at least 12 months (i.e., forego the exclusion that normally applies under the Pillar Two rules for such dividends). Such election can be beneficial in situations where the Luxembourg participation exemption does not apply to those dividends (i.e., neither the 10% criterion nor the EUR 1.2 million alternative criterion – see 3.2 above – is met). As from fiscal year 2025 (in relation to Pillar Two), the benefit of the participation exemption for dividends and a 50% exemption for dividends that applies under limited circumstances can be waived by the taxpayer in respect of shareholdings of less than 10% that have a fiscal acquisition price of at least EUR 1.2 million. Similarly, the benefit of the participation exemption for capital gains can be waived in respect of shareholdings of less than 10% that have a fiscal acquisition price of at least EUR 6 million. Any waiver must be made separately for each tax year and each participation. Such waiver may prevent mismatches between the Luxembourg participation exemption regime and the Luxembourg Pillar Two law.	

5. Withholding taxes

5.1 Withholding tax on dividends

Luxembourg	the Netherlands
The domestic dividend withholding tax rate is generally 15% (17.75% if a gross-up applies), which may be reduced by virtue of tax treaties to, generally, 5%. **Exemptions** A domestic exemption applies if: (i) the dividend distribution is made to (i) a fully taxable Luxembourg resident company, (ii) an EU entity qualifying under the EU Parent- Subsidiary Directive, (iii) a Luxembourg or EU branch of such EU entity or a Luxembourg branch of a company that is resident in a treaty country, (iv) a Swiss resident company subject to Swiss CIT without being exempt, or (v) a company which is resident in an EEA country or a country with which Luxembourg has concluded a tax treaty and which is subject to a tax comparable to the Luxembourg corporate tax (i.e. a tax rate of 8% and a comparable tax base); and (ii) the recipient of the dividend has held or commits itself to continue to hold a direct participation in the Luxembourg company of at least 10% or with an acquisition price of at least EUR 1.2 million for an uninterrupted period of at least 12 months. Distributions of advance liquidation proceeds by a Luxembourg company are not subject to dividend withholding tax. Under circumstances, the redemption of shares constitutes a 'partial liquidation' that is not subject to withholding tax. Such circumstances include the redemption and cancellation of all shares held by a particular shareholder. Further, the partial liquidation treatment applies to the redemption of one or more entire classes of shares if:	The domestic dividend withholding tax rate is 15%, which may be reduced by virtue of tax treaties. **Distributions by Dutch cooperatives** Profit distributions by a Dutch cooperative are not subject to Dutch dividend withholding tax, unless it concerns profit distributions by a so-called 'holding cooperative'. A cooperative qualifies as a holding cooperative if its actual activities usually consist for 70% or more of holding participations or of group financing activities. This is determined based on balance sheet totals, along with types of assets and liabilities, turnover, profit-generating activities and time spent by employees. No Dutch dividend withholding tax is due on distributions to members of the cooperative that have an entitlement to less than 5% of the annual profits or the liquidation proceeds of the cooperative, alone or together with related persons or as a member of a collaborating group. **Exemption for substantial NL, EU/EEA or treaty shareholder** Under domestic rules, an exemption applies if a distribution is made by a Dutch company or cooperative to a substantial shareholder established in: (i) the Netherlands, provided the shareholder can apply the participation exemption with regard to the dividend distribution or is included in a CIT consolidation with the distributing company;

5.1 Withholding tax on dividends

Luxembourg	the Netherlands
(i) the redeemed shares are cancelled within 6 months after the redemption; (ii) the class(es) of shares concerned were created at incorporation or upon a share capital increase; (iii) each class of shares has different economic rights, as defined in the articles of association; (iv) the redemption price (a) reflects the fair market value of the shares at the redemption date and (b) is determinable based on criteria laid down in the articles of association or another document referred to in the articles; and (v) the arrangement is not abusive based on the criteria laid down in the general anti-abuse rule. In relation to the withholding tax matters discussed in this paragraph 5.1, the potential application of the general anti-abuse rule discussed under 8.3 below and, in case of EU situations, the anti-abuse rule of the EU Parent-Subsidiary Directive should be considered. The liquidation of a Luxembourg company or a repurchase of shares may trigger non-resident capital gains tax (see under 6 below).	(ii) either the EU/EEA or a country with which the Netherlands has concluded a tax treaty that includes a dividend article, provided the shareholder could have applied the participation exemption had it been a tax resident of the Netherlands. However, the exemption under (ii) does not apply if (i) the interest in the Dutch entity is held with the main purpose or one of the main purposes to avoid Dutch dividend withholding tax and (ii) there is an artificial arrangement in place. An arrangement is considered artificial if it has not been put in place for valid business reasons that reflect economic reality. Additional conditions apply, dependent on the specific facts and circumstances. **Liquidation / share redemption** Liquidation distributions and payments upon repurchase of shares are treated as ordinary dividends to the extent they exceed the average fiscally recognized capital contributed to the shares of the Dutch company. An exemption may apply for the repurchase of listed shares. Under Dutch tax treaties liquidation distributions and payments upon a repurchase of shares are in certain circumstances classified as a capital gain and not as a dividend. As a result, if such treaty classification is applicable, the Netherlands may not be allowed to levy any tax on the proceeds upon liquidation or repurchase of shares.

5.1 Withholding tax on dividends

Luxembourg	the Netherlands
	Additional conditional withholding tax on dividend payments As per 1 January 2024, the Netherlands levies an additional conditional withholding tax in case of intra-group profit distributions to (I) shareholders located in certain 'low tax jurisdictions', (II) permanent establishments located in certain 'low tax jurisdictions', (III) certain hybrid entities and (IV) abusive interposed entities. We refer to paragraph 5.2 and 5.3 that elaborate on intra-group interest and royalty payments for a further general explanation of the conditional withholding tax.

5.2 Withholding tax on interest

Luxembourg	the Netherlands
No withholding tax is levied on arm's length interest payments made to non-residents, except for profit-sharing interest which, under certain circumstances, is subject to 15% withholding tax (subject to reduction under tax treaties). Interest payments made to Luxembourg resident individuals by a Luxembourg paying agent are subject to 20% Luxembourg withholding tax. The 20% withholding tax operates as a full discharge of income tax for Luxembourg resident individuals acting in the context of the management of their private wealth.	Interest paid on a debt instrument that is treated as capital for Dutch tax purposes is subject to dividend withholding tax at a rate of 15%, which may be reduced under tax treaties. In addition, an exemption is available under the same conditions as mentioned under 5.1 above for regular dividend distributions. Under certain circumstances, a non-resident recipient of Dutch source interest income may be subject to non-resident income tax in the Netherlands; see under 6 below. **Conditional withholding tax on interest** The Netherlands levies a conditional withholding tax on interest payments. The withholding tax is levied at a rate equal to the headline CIT rate (25.8% in 2025) and only applies to interest payments made to group entities in certain situations, whereby control (in general, >50% voting rights) is the relevant criterion to assess whether an entity is a group entity. The withholding tax is applicable in four specific situations: (i) interest payments made by a Dutch company to group entities established or incorporated in a blacklisted jurisdiction; (ii) interest payments made by a Dutch company to a permanent establishment of a group entity, which permanent establishment is located in a blacklisted jurisdiction; (iii) interest payments made by a Dutch company to group entities that are not established or incorporated in a blacklisted jurisdiction, but where an 'abusive situation' exists (i.e., abusively interposed); (iv) interest payments made by a Dutch company to certain hybrid entities.

5.2 Withholding tax on interest

Luxembourg	the Netherlands
	An abusive situation under (iii) exists if (a) the relevant group entity receives the interest payment with the main purpose or one of the main purposes to avoid tax and (b) there is an artificial arrangement in place. An arrangement is considered artificial if it has not been put in place for valid business reasons that reflect economic reality. Additional conditions apply, dependent on the specific facts and circumstances.

5.3 Withholding tax on royalties

Luxembourg	the Netherlands
None. Income paid to a non-resident that is derived from an independent artistic or literary activity that is or has been conducted or put to use in Luxembourg is subject to 10% withholding tax.	The Netherlands levies a conditional withholding tax on royalty payments. The withholding tax is levied at a rate equal to the headline CIT rate (25.8% in 2025) and only applies to royalty payments made to group entities in certain situations, whereby control (in general, >50% voting rights) is the relevant criterion to assess whether an entity is a group entity. The withholding tax is applicable in four specific situations: (i) Royalty payments made by a Dutch company to group entities established or incorporated in a blacklisted jurisdiction; (ii) Royalty payments made by a Dutch company to a permanent establishment of a group entity, which permanent establishment is located in a blacklisted jurisdiction; (iii) Royalty payments made by a Dutch company to group entities that are not established or incorporated in a blacklisted jurisdiction, but where an 'abusive situation' exists (i.e., abusively interposed); (iv) Royalty payments made by a Dutch company to certain hybrid entities. An abusive situation under (iii) exists if (a) the relevant group entity receives the royalty payment with the main purpose or one of the main purposes to avoid tax and (b) there is an artificial arrangement in place. An arrangement is considered artificial if it has not been put in place for valid business reasons that reflect economic reality. Additional conditions apply, dependent on the specific facts and circumstances.

6. Non-resident capital gains taxation

Luxembourg	the Netherlands
Gains realized by non-residents on the alienation of a substantial interest in a Luxembourg company (more than 10%) are taxable if the gain is realized within a period of 6 months following the acquisition of the shares. The foregoing may equally apply to distributions received upon liquidation and proceeds from a redemption of shares. Other rules apply in case the non-resident transferor was resident in Luxembourg for at least 15 years in the past.	Capital gains realized by non-resident entities (without a permanent establishment in the Netherlands) on the alienation of shares in a Dutch company are subject to Dutch taxation if all of the following conditions are met: (i) the non-resident entity holds at the time of the alienation directly or indirectly an equity interest of 5% or more in the Dutch company (a 'substantial interest'); (ii) the substantial interest is held with one of the main purposes to avoid Dutch personal income tax; and (iii) there is an artificial arrangement in place. An arrangement is considered artificial if it has not been put in place for valid business reasons that reflect economic reality. The income is calculated on a net basis. If the above-mentioned conditions are met, the non-resident taxation also applies to distributions made by the Dutch company, as well as income derived from loans granted by the non-resident to the Dutch company. Capital gains realized by non-resident individuals on the alienation of shares in a Dutch company are subject Dutch personal income tax provided that an individual – together with his or her partner or any of his or her relatives by blood or by marriage in the direct line (including foster-children) or of those of his or her partner – directly or indirectly holds an equity interest in the Dutch company of 5% or more, or an interest in a class of shares of the Dutch company of 5% or more, unless that equity interest is attributable to a business enterprise of the individual. The Dutch personal income tax rate in this respect is 31% (2025). A reduced rate of 24,5% applies for the first EUR 67,804 of taxable income (2025).

7. Tax rulings

Luxembourg	the Netherlands
Luxembourg law provides for the possibility to request confirmation from the tax authorities in relation to the application of Luxembourg tax law to an anticipated transaction. Such request may relate to, among others, the application of the participation exemption (e.g. the comparable tax test), confirmation whether a permanent establishment is present in Luxembourg (e.g. in relation to investment funds organized in the form of a Luxembourg limited partnership), the debt qualification of certain instruments, transfer pricing matters and any other tax matters that may be relevant for Luxembourg companies (e.g. financing activities). A request for confirmation is subject to payment of a fee to the authorities ranging from EUR 3,000 to EUR 10,000 (depending on the complexity of the matter). Any confirmation obtained is binding on the tax authorities and is valid for a period of maximum 5 fiscal years (subject to accuracy of the facts presented, subsequent changes to the facts and changes in national, EU or international law). In respect of debt-funded intragroup finance activities, certain conditions must be met in to obtain advance confirmation. Luxembourg (and all other EU Member States) is required to automatically exchange certain information on cross-border tax rulings and advanced pricing agreements that are issued by the Luxembourg tax authorities.	The application of the participation exemption regime or the domestic exemption of dividend withholding tax (see 3.2, 3.3 and 5.1 above) does not require obtaining an advance tax ruling ('ATR'), although this is possible. ATRs are regularly granted in relation to the participation exemption, non-resident taxation and the dividend withholding taxation rules. The Dutch tax authorities also grant rulings on the application of Pillar Two. In order to be eligible for an ATR, the Dutch taxpayer requesting the ATR should have sufficient economic nexus with the Netherlands. This is the case if (i) the Dutch taxpayer that requests the ATR is part of an internationally operating group engaged in an operating business in the Netherlands, and (ii) an operating business activity is carried out by, or for the risk and account of, that taxpayer through a sufficient number of relevant employees in the Netherlands. If such an ATR is issued, an anonymized summary of the ATR will be published. It is not possible to conclude an ATR if the main motive of the Dutch taxpayer is to save Dutch or foreign taxes, or if an ATR is sought on the tax consequences of transactions with certain blacklisted jurisdictions. **Exchange of information on rulings** The Netherlands is (and all other EU Member States are) required to automatically exchange certain information on cross-border tax rulings and advanced pricing agreements within the EU.

Luxembourg	the Netherlands
In addition, Luxembourg has committed itself to the OECD framework regarding the compulsory exchange of information on tax rulings issued on or after April 1, 2016. The categories of tax rulings on which information must be exchanged are identified in the OECD BEPS Action 5 Final Report.	In addition, the Netherlands has committed itself to the OECD framework regarding the compulsory exchange of information on tax rulings. The categories of tax rulings on which information has to be exchanged are identified in the OECD BEPS Action 5 Final Report

8. Anti-abuse provisions

8.1 CFC rules

Luxembourg	the Netherlands
Luxembourg applies CFC rules based on so-called 'Model B' provided for by ATAD 1. A CFC is an entity or a permanent establishment of an entity that meets the following conditions: (i) a Luxembourg taxpayer holds (alone or together with one or more associated enterprises) a direct or indirect participation of more than 50% of the voting rights, the capital or the entitlement to profits of such entity; and (ii) the entity or permanent establishment is subject to an effective tax which is lower than 50% of the Luxembourg national CIT (i.e. for 2023, an effective rate that is lower than 8%) that would be due by the entity or permanent establishment if it were established in Luxembourg. Luxembourg corporate taxpayers are taxed on the undistributed net income of a CFC, pro rata to their ownership or control of the (directly and/or indirectly held) entity, to the extent such income is related to significant functions carried out by the Luxembourg corporate taxpayer but only if the relevant CFC has been put in place essentially for the purpose of obtaining a tax advantage. Such CFC income is only subject to Luxembourg national CIT increased by the solidarity surtax (resulting in an aggregate CIT rate of 17.12%), but not to municipal business tax. Certain exceptions apply, notably if the CFC's accounting profits are lower than EUR 750,000 or are less than 10% of its operating costs for a given year.	The Netherlands operates CFC rules on the basis of ATAD 1. Under the CFC rules, certain undistributed items of passive income of a direct or indirect subsidiary or a permanent establishment are included in the tax base of the Dutch taxpayer if the subsidiary or permanent establishment is established in a jurisdiction that is included on (i) the Dutch blacklist or (ii) the European list of non-cooperative jurisdictions. The CFC rules only apply to direct or indirect subsidiaries if the Dutch shareholder, alone or together with an associated enterprise or person, holds an equity interest of more than 50% in the subsidiary. Certain exceptions apply, including if the subsidiary or permanent establishment has 'real economic activities'.

8.2 Earnings stripping rules

Luxembourg	the Netherlands
Luxembourg applies earnings stripping rules in accordance with ATAD 1. Subject to certain exclusions that are discussed below, the earnings stripping rules limit the deduction of 'exceeding borrowing costs', which equal any excess of interest (and economically equivalent) expenses over interest (and economically equivalent) income, incurred in a taxable year to the higher of: (i) 30% of EBITDA for tax purposes; and (ii) EUR 3 million. The EBITDA is calculated on a Luxembourg tax basis, which means for instance that dividends that qualify for the participation exemption (see 3.2 above) are not included in the EBITDA. Any interest that is not deductible pursuant to the earnings stripping rules can be carried forward indefinitely. In addition, any unused deduction capacity can be carried forward for 5 years. The earnings stripping rules do not distinguish between third party and related party interest. The rules contain a grandfathering rule pursuant to which interest and economically equivalent expenses incurred in respect of loans that were concluded prior to June 17, 2016 and were not modified after such date are out of scope of the earnings stripping rules.	The Netherlands operates earnings stripping rules on the basis of ATAD 1 with adjustments. The earnings stripping rules limit the deduction of the net amount of interest expenses in a taxable year to the higher of: (i) 24,5% of EBITDA for tax purposes; or (ii) EUR 1 million. The earnings stripping rules do not distinguish between third party and related party interest and do not provide grandfathering rules for existing loans. The EBITDA is calculated in accordance with Dutch tax standards, which means that for instance dividends that qualify for the participation exemption (see 3.2 above) are not included in the EBITDA. Any non-deductible interest on the basis of the earnings stripping rules can be carried forward indefinitely, unless, in certain circumstances, in the case of a change of control of the taxpayer concerned.

8.2 Earnings stripping rules

Luxembourg	the Netherlands
A taxpayer that qualifies as 'financial undertaking' or 'standalone entity' within the meaning of the earning stripping rules are excluded from their scope. Moreover, in case a taxpayer's ratio of equity to assets is equal to or higher than such ratio for the consolidated group to which it belongs, such taxpayer is excluded from the scope of the rules. As from tax year 2024, a taxpayer that does not qualify as a 'standalone entity' and is not part of a consolidated group for financial accounting purposes (for reasons other than the small group exemption or immateriality) can elect to be treated as a 'single-entity group'. Such election is beneficial for taxpayers whose interest expenses are due (almost) exclusively to third parties because, in such situation, the earning stripping rules will not apply. This 'single-entity group' election is subject to an anti-abuse clause. Luxembourg taxpayers that form part of a consolidated tax group (fiscal unity regime) can decide whether the earning stripping rules are applied to the consolidated tax group as a whole or to each Luxembourg taxpayer that forms part of such group separately.	

8.3 General anti-abuse rules

Luxembourg	the Netherlands
Luxembourg tax law contains a general anti-abuse provision which was amended as per January 1, 2019 in order to bring it in line with the wording of the general anti-abuse rule contained in ATAD 1. It therefore includes the concept of a 'non-genuine arrangement'. The following criteria must be met cumulatively for abuse of law to be present: (i) the use of one or more legal form(s) or institution(s) of law; (ii) the main purpose, or one of the main purposes, of such use of legal form(s) or institution(s) of law is to avoid or reduce a tax liability in a manner that goes against the object or purpose of the tax law; and (iii) such use of legal form(s) or institution(s) of law is non-genuine. If a transaction is successfully challenged based on the general anti-abuse rule, the tax authorities may disregard or requalify the elements of the transaction that are not genuine and may levy the tax that would be due if the legal route used had been genuine.	A general extra-statutory concept of abuse of law (fraus legis) applies, based on case law. Pursuant to the concept of fraus legis, the actual 'facts' of the transactions are adjusted or substituted to reflect their true substance, or the transactions are disregarded for tax purposes. Fraus legis can be applied by a court if (i) tax avoidance is the decisive reason for entering into transaction(s) concerned and (ii) the outcome is in conflict with the purpose and intent of a specific provision of Dutch tax law or Dutch tax law in general. As remarks were made by the European Commission with respect to the previous view of the Netherlands that 'fraus legis' achieves the same result as the GAAR embodied in ATAD (which had to be implemented by the Netherlands before January 1, 2019), the GAAR as embodied in ATAD was implemented as per January 1, 2025. The following criteria must be cumulatively met for abuse of law to be present under the implemented GAAR: (i) an artificial arrangement must be used; (ii) the main purpose, or one of the main purposes, for the use of the artificial arrangement is to avoid or reduce a tax liability; and (iii) the avoidance or reduction of the tax liability goes against the object or purpose of the respective tax rule. If the criteria are cumulatively met, the artificial arrangement may be disregarded.

8.4 Exit taxation

Luxembourg	the Netherlands
Exit taxation rules apply to corporate entities and permanent establishments (and transfer by individuals of goods forming part of their enterprise). Exit taxation applies on the difference between the fair market value and the tax book value of transferred assets in any of the following circumstances: (a) transfer of tax residence intra-EU or to a third country, except insofar as a permanent establishment remains; (b) transfer of assets from the head office to a permanent establishment in the EU or a third country; (c) transfer of assets from a permanent establishment in the EU to its head office or to a permanent establishment in another EU Member State or in a third country; and (d) transfer of a permanent establishment out of an EU Member State. In case of transfer of the seat, permanent establishment or goods forming part of an enterprise to an EU or EEA jurisdiction with which Luxembourg or the EU has concluded an agreement on the mutual assistance for tax recovery, payment of the exit taxation can be deferred upon request in instalments over a period of 5 years. However, the payment deferral is discontinued and the tax becomes due immediately in the following cases: • the transferred assets or the business carried on by the permanent establishment are sold or disposed of; • the transferred assets, the tax residence or the business carried on by the permanent establishment are transferred to jurisdiction other than an EU or EEA jurisdiction with which Luxembourg or the EU has concluded an agreement on the mutual assistance for tax recovery;	Exit taxation rules apply to Dutch taxpayers and permanent establishments in the Netherlands. Exit taxation is due on the difference between the fair market value and the tax book value of assets and liabilities transferred out of the Netherlands, in any of the following circumstances: (a) transfer of tax residence intra-EU or to a third country, except insofar a permanent establishment remains in the Netherlands; (b) transfer of assets and/or liabilities of a permanent establishment out of the Netherlands; (c) transfer of the business carried on by a permanent establishment out of the Netherlands. Payment of exit taxation can be deferred, in certain circumstances.

8.4 Exit taxation

Luxembourg	the Netherlands
• the company goes bankrupt or is liquidated; or • the taxpayer does not respect its obligations regarding the instalments and does not correct such default within a reasonable period of time which cannot exceed 12 months or does not duly document annually the continued ownership of the assets.	

8.5 Hybrid mismatch rules

Luxembourg	the Netherlands
Luxembourg applies hybrid mismatch rules on the basis of ATAD 2. The purpose of the hybrid mismatch rules is to neutralize the tax effects of hybrid mismatches by limiting the deduction of payments or by including the payments in the taxable income of a Luxembourg corporate taxpayer. The rules target double deduction ('DD') and deduction-non-inclusion ('D/NI') outcomes. The hybrid mismatches covered by the rules include (i) payments on hybrid financial instruments, (ii) payments to or by hybrid entities, (iii) payments to or by hybrid permanent establishments, (iv) payments by dual resident entities and (v) payments made on a non-hybrid instrument that directly or indirectly finance a payment that leads to a hybrid mismatch ('imported mismatches'). Exceptions may apply, depending on the specific facts and circumstances. If certain conditions regarding hybrid mismatches are met, Luxembourg transparent vehicles (e.g. limited partnerships) may constitute so-called 'reverse hybrid entities' and become (fully or partially) subject to Luxembourg CIT.	The Netherlands applies hybrid mismatch rules, on the basis of ATAD 2. The purpose of the hybrid mismatch rules is to neutralize the tax effects of hybrid mismatches by limiting the deduction of payments or by including the payments in the taxable income of a Dutch corporate taxpayer. The hybrid mismatch situations covered by the rules include (i) payments on hybrid financial instruments, (ii) payments to or by hybrid entities, (iii) payments to or by hybrid permanent establishments, (iv) payments by dual resident entities and (v) payments made on a non-hybrid instrument that fund deductible payments if no equivalent adjustment is made by another state involved ('imported mismatches'), which can lead to deduction of such payment without inclusion or double deduction of such payment. Exceptions may apply, depending on the specific facts and circumstances. In addition, reverse hybrid entities are in certain situations subject to Dutch CIT if incorporated, established or registered in the Netherlands. Corporate taxpayers should include in their administration information that is relevant for determining if and to what extent a payment is affected by the hybrid mismatch rules.

8.6 Other (domestic) anti-abuse provisions and doctrines

Luxembourg	the Netherlands
The anti-hybrid rule and the anti-abuse rule contained in the EU Parent-Subsidiary Directive were implemented into Luxembourg tax law. Pursuant to such rules, the participation exemption for dividends and the dividend withholding tax exemption do not apply in respect of dividends received from/paid to an EU entity that falls within the scope of the EU Parent-Subsidiary Directive and is not subject to a Comparable Tax (see under 3.2 above) to the extent (a) that the profits received from the EU entity were deductible in the jurisdiction of the payor, or (b) in case (one of) the main purpose(s) of an arrangement is to obtain a tax advantage that would defeat the object or purpose of the EU Parent-Subsidiary Directive and such arrangement lacks economic reality, i.e. is not genuine. Pursuant to Luxembourg transfer pricing rules, a transaction (or the relevant part thereof) is ignored for purposes of determining the at arm's length pricing of such transaction (or the relevant part thereof) if it contains one or several elements that are not motivated by valid business reasons and that have a meaningful impact on the determination of the at arm's length price. Interest and royalties due by a Luxembourg taxpayer to related entities established in a jurisdiction appearing on the EU list of non-cooperative jurisdictions (EU Blacklist) are not deductible. For purposes of this rule, two entities are considered related if (i) one directly or indirectly participates in the management, control or capital of the other or (ii) the same persons directly or indirectly participate in the direction, control or capital of both entities.	An annual mark-to-market revaluation applies to a substantial (25% or more) shareholding in a low-taxed subsidiary of which the assets consist, directly or indirectly, for 90% or more of 'low-taxed free passive investments'. Anti-abuse rules apply with respect to the participation exemption in relation to hybrid instruments (see under 3.2 iii above). An exemption or reduction of Dutch dividend withholding tax may be denied based on the so called 'anti-dividend-stripping' rules. The rules described under 5.1 above, which excludes certain distributions from the exemption of dividend withholding tax, effectively constitute an anti-abuse measure. The same applies to the withholding tax rules on intragroup interest and royalties described under 5.2 and 5.3 above, and the non-resident capital gains taxation rules for non-resident entities described under 6 above. Further, the Netherlands applies rules to counter double-non taxation through transfer pricing mismatches (see e.g., under 2 above). The rules provide that an adjustment on the basis of the arm's length principle will not be applied if this leads to a reduction of the Dutch taxable profit, a step-up in basis of assets or a reduction in basis of liabilities for Dutch CIT purposes, to the extent that the related party to the transaction does not make a corresponding adjustment for tax purposes.

8.6 Other (domestic) anti-abuse provisions and doctrines

Luxembourg	the Netherlands
If the legal recipient of the interest or royalties is a transparent entity from a Luxembourg tax perspective, the legal recipient is looked through up to the first direct or indirect entity in the holding chain that is treated as a corporate entity from a Luxembourg tax perspective. Furthermore, for purposes of this rule, the recipient must be the beneficial owner of the income. If the legal recipient is not the beneficial owner, the application of this rule is assessed at the level of the beneficial owner. The denial of the deduction does not apply when the taxpayer demonstrates that valid business reasons exist for the underlying transaction that are genuine in view of the overall facts and circumstances. The Luxembourg taxpayer has the burden of proof regarding the existence of valid business reasons. The rule applies to countries and jurisdictions appearing on the most recent version of the EU Blacklist published by the EU Council as of January 1st of the relevant year. As per January 1 2025, the blacklist for the purposes of this Luxembourg rule includes the following jurisdictions: American Samoa, Anguilla, Fiji, Guam, Palau, Panama, Russia, Samoa, Trinidad and Tobago, the US Virgin Islands and Vanuatu. If a country is removed from the EU Blacklist during a year, the deduction denial rule will cease to apply immediately as from the date on which the removal was published by the EU Council. If a country is added to the EU Blacklist during a year, the rule will only apply as from the following year if such country remains on the most recent version of the EU Blacklist published by the EU Council as of January 1st of that following year.	

9. Mandatory disclosure rules

Luxembourg	the Netherlands
Luxembourg applies mandatory disclosure rules on the basis of DAC6. In general, the Luxembourg implementation of DAC6 follows the minimum standard. A cross-border arrangement is reportable if it concerns at least one EU Member State and contains at least one of the hallmarks set out in DAC6. In pure domestic situations and situations without any link to an EU Member State, no reporting obligations exist in Luxembourg. Under Luxembourg law, failure to comply with an obligation under DAC6 can result in a penalty of up to EUR 250,000. Administrative guidance was issued by the Luxembourg tax authorities on certain definitions and concepts and the obligations under the mandatory disclosure rules.	The Netherlands applies mandatory disclosure rules on the basis of DAC6. In general, the Dutch implementation follows the minimum standard of DAC6. A cross-border arrangement is reportable if it concerns at least one EU Member State and contains at least one of the hallmarks set out in DAC6. In pure domestic situations and situations without a link to any EU Member State, no reporting obligations exist in the Netherlands. Administrative guidance was issued in the Netherlands on the hallmarks and the obligations under the mandatory disclosure rules.

10. Income tax treaties / MLI

10.1 Signatory to the MLI / ratification

Luxembourg	the Netherlands
Luxembourg signed the MLI on June 7, 2017. With the exception of the Luxembourg-Cyprus tax treaty, the Luxembourg-Kosovo tax treaty and the Luxembourg-Botswana tax treaty, Luxembourg has not excluded any of its income tax treaties from the scope of the MLI. Luxembourg has chosen option A in relation to article 5 (Application of Methods for the Elimination of Double Taxation) and the 'principal purpose test' without 'limitation on benefits' clause in relation to article 7 (Prevention of Treaty Abuse). Luxembourg does not apply article 4 (Dual Resident Entities), article 8 (Dividend Transfer Transactions), article 9 ('Real Estate Rich' Company Clause), article 10 (Anti-Abuse Rule for Permanent Establishments situated in Third Jurisdictions), article 11 (Savings Clause), article 12 (Artificial Avoidance of Permanent Establishment Status through Commissionaire Arrangements), article 14 (Splitting Up of Contracts), and article 15 (Definition of a Closely Related Persons). The MLI entered into force for Luxembourg on August 1, 2019. The entry into force of the MLI for a given treaty depends on whether the other signatory has notified the relevant treaty and, if so, when it deposits its ratification instrument with the OECD.	The Netherlands signed the MLI on June 7, 2017. The Netherlands has largely accepted all provisions in the MLI, with limited reservations. The Netherlands has chosen for option A in relation to article 5 (Application of Methods for Elimination of Double Taxation), the 'principal purpose test' without 'limitation on benefits' clause in relation to article 7 (Prevention of Treaty Abuse) and option A in relation to article 13 (Artificial Avoidance of Permanent Establishment Status – Specific Activity Exemption). The Netherlands will not apply article 11 (Savings Clause) and (temporarily) article 12 (Artificial Avoidance of Permanent Establishment Status -Commissionaire Arrangements). The Netherlands ratified the MLI on March 5, 2019 and deposited the ratification bill with the OECD on March 29, 2019. The MLI entered into force for the Netherlands as of July 1, 2019, with effective date January 1, 2020. On November 25, 2021, the Netherlands notified additional tax treaties to which the MLI can apply and made additional notifications with respect to provisions of the MLI.

10.2 Income tax treaties and effect of the MLI[3]

The below overview shows income tax treaties that are in force as of January 1, 2025. Treaties in respect of which both countries have listed the treaty as a Covered Tax Agreement in relation to the MLI are shown in **bold**. Treaties in respect of which the MLI has entered into force for both countries as of January 1, 2025 (i.e., both countries have deposited their instrument of ratification with the OECD no later than September 30, 2024) are shown in **<u>bold underlined</u>**.

Treaties that are not considered a Covered Tax Agreement but do contain a Principal Purpose Test in line with the MLI are indicated with an asterisk (i.e. '*').

As a general rule, the MLI will be effective for a specific treaty (a) for withholding taxes: as from the first day of the calendar year beginning after the date on which the MLI has entered into force for both countries; and (b) for all other taxes: for taxable periods beginning on or after expiration of a period of 6 calendar months after the date on which the MLI has entered into force for both countries. Exceptions may apply.

Luxembourg	the Netherlands
As of January 1, 2025, Luxembourg has income tax treaties in force with the following countries:	As of January 1, 2025, the Netherlands has income tax treaties in force with the following countries:
1. **<u>Andorra</u>**	1. **<u>Albania</u>**
2. **<u>Armenia</u>**	2. Algeria*
3. **<u>Austria</u>**	3. Andorra*
4. **Azerbaijan**	4. **Argentina**
5. **<u>Bahrain</u>**	5. **<u>Armenia</u>**
6. **<u>Barbados</u>**	6. Aruba
7. **<u>Belgium</u>**	7. **<u>Australia</u>**
8. Botswana*	8. **<u>Austria</u>**
9. Brazil	9. **<u>Azerbaijan</u>**
10. Brunei	10. **<u>Bahrain</u>**

[3] Only comprehensive income tax treaties are included.

Luxembourg	the Netherlands
11. **Bulgaria**	11. Bangladesh
12. **Canada**	12. **Barbados**
13. **China (People's Rep.)**	13. Belarus
14. **Croatia**	14. **Belgium**
15. Cyprus*	15. **Bosnia and Herzegovina**
16. **Czech Republic**	16. Brazil
17. **Denmark**	17. Bulgaria*
18. **Estonia**	18. **Canada**
19. Ethiopia*	19. Chile*
20. **Finland**	20. **China (People's Rep.)**
21. **France**	21. **Croatia**
22. **Georgia**	22. Curacao
23. **Germany**	23. Cyprus*
24. **Greece**	24. **Czech Republic**
25. **Guernsey**	25. Denmark*
26. **Hong Kong**	26. **Egypt**
27. **Hungary**	27. **Estonia**
28. **Iceland**	28. Ethiopia
29. **India**	29. **Finland**
30. **Indonesia**	30. **France**
31. **Ireland**	31. **Georgia**
32. **Isle of Man**	32. Germany*
33. **Israel**	33. Ghana*
34. **Italy**	34. **Greece**

Luxembourg	the Netherlands
35. Japan	35. Hong Kong
36. Jersey	36. Hungary
37. Kazakhstan	37. Iceland
38. Korea (Rep.)	38. India
39. Kosovo*	39. Indonesia
40. Laos	40. Ireland*
41. Latvia	41. Israel
42. Liechtenstein	42. Italy
43. Lithuania	43. Japan
44. Malaysia	44. Jordan
45. Malta	45. Kazakhstan
46. Mauritius	46. Kyrgyzstan*
47. Mexico	47. Korea (Rep.)
48. Moldova	48. Kosovo*
49. Monaco	49. Kuwait
50. Morocco	50. Latvia
51. Netherlands	51. Liechtenstein*
52. Norway	52. Lithuania
53. North Macedonia	53. Luxembourg
54. Panama	54. Malaysia
55. Poland	55. Malta
56. Portugal	56. Mexico
57. Qatar	57. Moldova
58. Rwanda*	58. Montenegro

Luxembourg	the Netherlands
59. **Romania**	59. **Morocco**
60. **Russia**	60. **New Zealand**
61. **San Marino**	61. **Nigeria**
62. **Saudi Arabia**	62. **North Macedonia**
63. **Senegal**	63. **Norway**
64. **Serbia**	64. **Oman**
65. **Seychelles**	65. **Pakistan**
66. **Singapore**	66. **Panama**
67. **Slovak Republic**	67. Philippines
68. **Slovenia**	68. Poland
69. **South Africa**	69. **Portugal**
70. **Spain**	70. **Qatar**
71. Sri Lanka	71. **Romania**
72. **Sweden**	72. **Saudi Arabia**
73. **Switzerland**	73. **Serbia**
74. Taiwan*	74. **Singapore**
75. Tajikistan	75. **Slovak Republic**
76. **Thailand**	76. **Slovenia**
77. Trinidad and Tobago	77. **South Africa**
78. **Tunisia**	78. Spain
79. **Turkey**	79. Sri Lanka
80. **Ukraine**	80. St. Maarten
81. **United Arab Emirates**	81. Suriname
82. **United Kingdom**	82. **Sweden**

Luxembourg	the Netherlands
83. United States	83. Switzerland*
84. **Uruguay**	84. Taiwan
85. Uzbekistan*	85. Thailand
86. **Vietnam**	86. **Tunisia**
	87. **Turkey**
	88. Uganda
	89. Ukraine*
	90. **United Arab Emirates**
	91. **United Kingdom**
	92. United States
	93. Uzbekistan*
	94. Venezuela
	95. **Vietnam**
	96. Zambia
	97. Zimbabwe

Part III
Spain, Switzerland and the United Kingdom

1. Business environment

1.1 Business climate – general

Spain	Switzerland	United Kingdom
According to the Spanish Institute of Foreign Trade (ICEX), the Spanish economy is the 4th economy of the EU and the 14th largest economy in the world by GDP, the 13th country most attractive for foreign direct investment (FDI), and the 11th largest exporter of commercial services. In fact, services represent almost 73% of the business activity in Spain. Spain is an international center for innovation that benefits from a young and highly qualified population of a proactive nature, and competitive costs in the context of Western Europe, especially as regards graduate and post-graduate employees. The country has worked hard to equip itself with state-of-the-art infrastructures capable of fostering the future growth of the economy. This has been done alongside a major commitment to R&D.	Switzerland provides great political and economic stability and freedom and boasts one of the highest GDPs per capita worldwide. The Swiss economy and legal framework are very business-friendly and innovation-friendly and offer good protection of the investments. The reliable judicial system enables an efficient and dependable resolution of legal disputes. Switzerland offers highly skilled workforce with Swiss universities achieving high placings in international rankings as well as a well-respected dual educational system. The Swiss franc has proven to be one of the most stable currencies worldwide. Switzerland is highly regarded as a well-connected international financial and business centre with global outreach. Not being an EU Member, Switzerland has concluded a comprehensive network of bilateral agreements. Switzerland ranks 2nd on the 2024 Globalisation Index, which measures the economic, social and political dimensions of the globalization of nation states.	The UK benefits from a well-developed and respected legal and commercial environment, which has continued to be attractive to business throughout its history. Features that benefit businesses established in the UK include its established corporate support network of professional advisors and institutions, and a strong, independent judiciary. Currently, the UK ranks 2nd on the 2024 Global Cities Index (Schroders), 4th on the 2024 Globalisation Index (KOF Swiss Economic Institute), and 5th in the Global Innovation Index 2024 (World Intellectual Property Organisation).

1.2 Location, logistics and infrastructure

Spain	Switzerland	United Kingdom
Spain is attractive for foreign investment, not only because of its domestic market but also because of its privileged geo-strategic position. Its location provides an ideal gateway to Northern Africa and it is also a unique platform to channel investments to Latin America. Strong cultural, economic and historical ties between Spain and Latin America led to a wave of Spanish investment in Latin America, and Spanish companies have become leaders in many strategic sectors of the continent. Structural reforms have improved Spanish competitiveness and exports, and the country's infrastructures rank among the top seven countries with best infrastructure quality in the world (Global Competitiveness Report, 2019). Especially prominent for their relevance are its International airports and other complementary infrastructures that enable the entry of tourists; its rail system: with Europe's 1st and the world's 3rd longest high-speed rail; its ports: global logistics platforms that connect international sea routes; its highways, as well as its logistics centers and other rail infrastructures; its urban transport, frequently integrated in the setting of smart cities, and its telecommunications networks and state-of-the-art IT management systems.	Switzerland is located in the centre of Europe and an ideal place for international business operations as well as an attractive place to live. Switzerland inhabits around 8.9 million people and has four national languages (German, French, Italian, Romansh). English is widely spoken as well. In addition to the famous Swiss nature and mountain regions, Switzerland has various cities with strong economic activities (e.g., Zurich, Geneva, Basel, Lausanne, Bern) as well as attractive domiciles for holding and group finance companies (e.g., Zug). Switzerland offers well-developed and reliable infrastructure, including both, individual and public transport. Connection within Europe and to business hubs around the world is ensured by several international airports, with Zurich, Geneva and Basel being the largest, as well as smaller regional international and private airports.	The UK's location combined with the prevalence of English common law in contracts provides a central link between economies across the world, with business hours overlapping major business locations in Asia, the Middle East and the Americas. Its close proximity to Europe ensures that it benefits from the opportunity to trade with a number of large economies within the European trading bloc, though trade has become more challenging in recent years as a result of additional logistics and regulation post-Brexit. It benefits from an extensive road and rail network, with well-connected international airports. The current government has recently introduced the Regulatory Innovation Office to reduce the burden of red tape and speed up access to new technologies for instance in the biotechnology, AI and medical care sectors.

1.3 Hiring employees

Spain	Switzerland	United Kingdom
Spain has a highly qualified labor force which is very competitive in terms of costs in the context of Western Europe. Spain ranks among the top three European countries as regards number of employees holding university degrees. In keeping with the commitment entered into with the European Union to promote job creation, the Spanish government has implemented significant reforms to the employment laws in recent years, introducing a greater degree of flexibility in employment. Subject to certain conditions, the Spanish inpatriate tax regime allows individuals who move to Spain to work to be taxed under the rules of income tax for non-resident individuals (i.e. taxation on Spanish sourced income at a flat 24% rate for the first EUR 600,000 and at a 47% rate for the excess but without deduction of expenses or allowances) for the tax year of the move to Spain and the following 5 tax years.	Switzerland offers a well-educated and highly qualified workforce. The Swiss labour market is both, multilingual and multicultural, and offers good access to international qualified personnel. The Swiss labour market is also known for its great flexibility and reliability. Switzerland has a low unemployment rate. In 2024 the annual average unemployment rate was approximately 2.4%.	The UK has a highly qualified English-speaking workforce, with the 5th highest level of tertiary education attainment according to the OECD's Education at a Glance 2024. London's position as a global economic and cultural centre ensures workers are drawn to the South East region, with world-leading universities attracting an array of talented students looking for work after the completion of their courses. The UK benefits from a flexible labour market, with employers enjoying a high degree of freedom in their hiring decisions. Its departure from the EU offers new flexibilities which the current government is exploring in relation to short term contracts. The UK's current government last year brought forward proposals to terminate the UK non-dom regime, which had the effect in some cases of materially reducing filing complexity as well as the effective rate of UK income and capital gains tax for individuals. Simultaneously, a new incentive scheme ("FIG" or foreign income & gains) for arrivals to the UK is expected to commence on 6 April 2025. This offers, broadly speaking, 4 years of full tax exemption on foreign income and gains which meet certain criteria.

1.4 Other aspects of business environment

Spain	Switzerland	United Kingdom
Spain's regulatory and institutional framework is modern, clear, and transparent, aligned with the best practices of the OECD. In recent years, the implementation of a series of far-reaching structural reforms has reinforced the competitiveness of the business climate, increasing labor market flexibility and improving the conditions for the development and growth of new companies and corporate groups in the market. In addition, Spain has achieved a high degree of technological development and offers a highly qualified workforce that is recognized internationally, generating an ideal, attractive framework for investment and business activities. The science and technology parks play a very important role in Spain's police on innovation. The entire national network of technology parks is configured as an efficient instrument for the transfer of technology and for the creation and attraction of companies with high added value. They are available for small and medium companies as well as multinationals, offering a suitable environment for the development of technological know-how and the promotion of innovation.	The Swiss economy is driven by its tertiary sector. It is heavily focused on international trade with chemical and pharmaceutical products, machinery and electronics and watches being its main export goods. Switzerland offers a very innovative economic environment and has been repeatedly ranked as one of the world's most innovative economies by the Global Innovation Index. It has also consistently been one of the most competitive economies worldwide according to the Global Competitiveness Index. In recent years, Switzerland has seen a sharp increase in innovative technology companies.	The UK is rated one of the safest and easiest places to establish a business in the world. Despite an increase that became effective in April 2023, its corporation tax rate remains the lowest within the G7 (once regional rates are taken into account). Relatedly, the Corporate Tax Roadmap was published in October 2024 to reflect the views of businesses and tax experts that a stable and predictable tax environment provides the confidence needed to encourage investment, innovation, and growth over the long-term. It benefits from providing the language and legal system for the majority of global business, with a large number of the world's jurisdictions using legal systems based on or including principles derived from English common law. It has particular strengths in professional services, including what is very often ranked as the world's leading financial centre in the City of London.

2. Tax on capital contributions

Spain	Switzerland	United Kingdom
No tax is due on capital contributions made to a Spanish company upon incorporation or thereafter (whether or not the contribution entails a capital increase). Under certain conditions, capital reductions are subject to a 1% tax.	1% (stamp duty) of the amount contributed (fair market value) with a minimum equal to the nominal value of the shares issued. **Exemptions** Exemptions apply, inter alia, in the following cases: • Share capital up to a total amount of CHF 1 million. • Immigration of a company. • In case of certain corporate reorganizations or restructurings, exemptions are available for e.g.: (a) mergers, de-mergers, transformations; (b) contributions of businesses or qualifying participations, and (c) financial restructurings up to a total amount of CHF 10 million. For reorganization and restructuring exemptions, it is highly recommended to obtain an advance tax ruling.	There is no tax on capital contributions in the UK. However, stamp duty or stamp duty reserve tax is payable at 0.5% on consideration (or deemed consideration) for the transfer of shares in a UK incorporated company, unless an exemption is applicable.

3. Corporate income tax

3.1 Corporate income tax ('CIT') rate

Spain	Switzerland	United Kingdom
The general tax rate is 25%. Certain taxpayers are subject to lower tax rates, including a 4% tax rate for specific activities carried out in the Canary Islands and a 15% rate applicable during the first tax period in which newly incorporated companies carrying out economic activities derive a positive taxable base and the subsequent tax period. Credit institutions and certain entities engaged in the hydrocarbons industry are taxed at a 30% tax rate. Taxpayers with a net turnover of at least €20 million are subject to a minimum tax liability of 15%. The basis for calculating the "minimum tax liability" is the taxable base resulting from applying all adjustments to the accounting profit, including the adjustments to avoid double taxation, the capitalization reserve, and also offsetting negative tax bases. This 15% rate increases to 18% in the case of credit institutions and certain entities engaged in the hydrocarbons industry (which apply a 30% tax rate instead of 25%).	Taxes are levied at three levels: on federal, on cantonal and on communal level. In January 2020, measures relating to the so-called Tax Reform and AHV Financing entered into force. In consequence, previous special tax regimes were abolished while other new measures have been implemented in order to maintain an attractive tax environment after the abolishment of the special tax regimes. Those measures partially vary at cantonal level depending on their implementation policy. They include for example the following measures: • Introduction of a Patent box regime • R&D super-deduction (additional deductions of up to 50% for research and development expenses) • Deduction for equity-financing (notional interest deduction; in the canton of Zurich only) • Lower cantonal corporate income tax rates and capital tax rates or adjustment of the respective tax bases for the assessment of the capital tax • Step-up upon migration or transfer of business operations/functions to Switzerland	The current corporation tax rate is 19% for companies with profits under £50,000 and 25% for companies with profits over £250,000. Companies with profits between £50,000 and £250,000 are taxed at a rate of 25%, reduced by a marginal relief. An additional 3% corporation tax surcharge is chargeable on the profits of certain banking companies and building societies. There is an annual allowance of £100 million per group (or per company for non-group members). Where taxable profits (including the sale of a product that includes a patent, and income from patent royalties) can be attributed to the exploitation of patents, a lower effective rate of 10% may apply.

3.1 Corporate income tax ('CIT') rate

Spain	Switzerland	United Kingdom
As from January 1, 2023, a reduced tax rate of 15% is applicable to qualifying start-ups. The reduced tax rate is applicable to the first tax period of positive taxable base and the following three. Additionally, a reduced tax rate of 23% is also applicable as from fiscal year 2023 for entities whose net turnover in the immediately preceding tax period is less than EUR 1 million excluding entities forming part of a mercantile group with a net turnover which exceeds EUR 10 million and passive holding companies. On fiscal year 2025, entities with a net turnover under EUR 1 million are taxed at a rate between 21-22% and entities with a net turnover under EUR 10 million are taxed at a rate of 24% (other than passive companies and companies that are part of a mercantile group with a net turnover which exceeds EUR 10 million).	• Step-up as a transition mechanism for companies if an applicable tax regime ends. Two different models available: Depreciation Model (tax-neutral step-up followed by depreciation on built-in gains/goodwill) and Separate Rate (taxation of income at a separate, reduced rate) Taxes are deductible when calculating the taxable income. Consequently, effective tax rates are lower than the statutory rates. It is to be noted that the Swiss supplementary tax under Pillar Two rules is not deductible when calculating the Swiss domestic taxable income for federal and cantonal/communal tax purposes. **Federal** The federal statutory CIT rate is 8.5%. The effective rate of federal CIT is approximately 7. **Cantonal and communal** Cantonal and communal tax rates vary per canton and municipality. The combined statutory cantonal and communal corporate income tax rates generally vary between approximately 5% and 20%. The communal tax is levied as a percentage of the cantonal tax and follows the same rules.	The UK introduced a diverted profits tax in 2015 (reference is made to para 8.6 below), which is charged at a higher punitive rate (typically, 31%) on chargeable profits. Following a HMRC consultation in June 2023, a proposal is being considered to remove the diverted profit tax's status as a separate tax and bring an equivalent (higher rate) charge into corporation tax to clarify the relationship between the taxation of diverted profits and transfer pricing and provide access to treaty benefits while maintaining key features of the diverted profits tax regime.

3.1 Corporate income tax ('CIT') rate

Spain	Switzerland	United Kingdom
	Total The total (federal, cantonal and communal) effective CIT rate generally ranges between approximately 12% and 21%. **Crediting of foreign non-refundable WHT** If Swiss corporations and branches subject to tax in Switzerland suffer from foreign non-recoverable WHT on dividend, interest, and royalty income which is taxable in Switzerland, they may benefit from a reduction of such double taxation by virtue of foreign tax credits (subject to particular conditions, in particular that the non-recoverable WHT is in line with an applicable tax treaty). **Capital tax** Annual cantonal and communal capital tax is levied on the net equity of a company. The rates generally range between 0.001% and 0.50%.	

3.2 Dividend regime (participation exemption)

Spain	Switzerland	United Kingdom
Dividends derived from a Spanish or a foreign subsidiary are 95% exempt from CIT (the taxable 5% corresponding to a lump sum of non-deductible expenses) under the following cumulative conditions: i) at least 5% of the capital of the subsidiary must be held (directly or indirectly). Pursuant to a grandfathering rule, companies applying the Spanish holding regime (ETVE regime) may apply the 95% exemption if the acquisition value of the foreign subsidiary exceeded EUR 6 million in tax periods starting before 2015. Additionally, taxpayers may apply the 95% exemption until 2025 if the acquisition value of the subsidiary exceeded EUR 20 million in tax periods starting before 2021.	For dividends, relief from federal, cantonal and communal income tax is granted ('Participation Reduction') in case: (i) dividends derived from a participation of which at least 10% of the nominal share capital is held; (ii) dividends derived from participations with right to at least 10% of the profits and reserves; or (iii) the shares have a fair market value of at least CHF 1 million. Dividends derived from a participation in a low-taxed jurisdiction or from a participation with income from passive sources (such as dividends, interest, royalties, insurance or income from group services) qualify for the Participation Reduction (no subject-to-tax or activity test). Relief is granted in the form of a reduction of tax for the part that is attributable to the 'net dividends' (and 'net capital gains'; see section 3.3 below). The 'net dividends' (and 'net capital gains') are calculated as the sum of dividends (and capital gains) derived from qualifying participations less a proportional part of the finance expenses and less related general expenses. Related general expenses are deemed to be 5% of the participation income unless a different amount can be demonstrated.	UK companies other than small companies (see below) are fully exempt from corporation tax on dividends received, regardless of whether the distributing company is located in the UK or outside the UK, provided that: (i) the dividend distribution falls within one of the five exempt classes described below; (ii) the dividend is not taken out of an exempt class by anti-avoidance rules; and (iii) no tax deduction is allowed to a resident of a territory outside the UK in respect of the dividend. No minimum holding period applies. The classes of exempt dividends are: (i) dividend distributions received from a company (alone or jointly) controlled by the UK recipient in terms of powers or economic rights. A targeted anti-avoidance rule applies which tries to prevent schemes that seek to obtain the benefit of this exempt class without exposing profits to the CFC regime by manipulation of the ownership of a foreign company;

3.2 Dividend regime (participation exemption)

Spain	Switzerland	United Kingdom
In the event that more than 70% of the income obtained by the subsidiary (or its corporate group) consists of dividends and capital gains, the applicability of the exemption requires a 5% indirect ownership in second or lower tier subsidiaries, unless such subsidiaries meet the conditions provided by the Commercial Code (Section 42) to form part of the corporate group with the first tier subsidiary and they draw up consolidated financial statements. This indirect participation requirement does not apply if the dividends received were included as dividends or capital gains in the taxable base of a subsidiary without any tax relief (exemption or credit). ii) the shareholding must be held uninterruptedly for 12 months. This requirement will be met for dividends distributed before that period elapses provided that the shares are committed to be held for the full 12 month period. The period in which the subsidiary was held within the group is taken into account with respect to this 12 month period.	As a result of a comprehensive Swiss corporate tax reform cantonal and communal tax regimes which previously provided for tax exemption, including the 'Holding Status', were abolished as of January 1, 2020 (see section 3.1 above). Even without the abolished 'Holding Status' tax regime, holding companies can still benefit from tax relief in the form of the Participation Reduction on the federal, cantonal and communal level under the above-mentioned conditions. For entities which exclusively operate as a holding company the Participation Reduction indirectly leads to a full exemption from CIT on dividends derived from qualifying participations if properly structured.	(ii) dividend distributions in respect of non-redeemable ordinary shares. Certain types of foreign companies do not issue share capital; although this does not necessarily prevent these distributions being included in this class of exempt dividends, it is essential to consider the facts of each case separately. This exempt class covers any percentage of non-redeemable ordinary shares held. A targeted anti-avoidance rule applies which tries to prevent schemes in which the shareholder obtains quasi-preference or quasi-redeemable shares; (iii) dividend distributions received from a company in which the UK recipient, together with connected persons, (i) holds 10% or less of the issued share capital, (ii) is entitled to less than 10% of the profits available for distribution to shareholders in the paying company, and (iii) would be entitled to less than 10% of the assets available for distribution on a winding-up. An anti-avoidance rule applies which targets manipulation of the maximum threshold of 10%;

3.2 Dividend regime (participation exemption)

Spain	Switzerland	United Kingdom
iii) in case of a foreign subsidiary, it must be subject to and not exempt from a tax of identical or similar nature as the Spanish CIT at a minimum rate of 10% during the period in which the income was obtained (regardless of any exemption, credit or other tax relief which may be applicable to the income obtained by the subsidiary). If the foreign subsidiary resides in a treaty country with an exchange of information clause, this requirement is considered to have been met and no evidence is required to be provided by the taxpayer (other than a tax residence certificate issued by the authorities of the treaty country). In the event the foreign subsidiary obtains dividends or capital gains, this subject-to-tax condition must be met, at least, by the indirectly held subsidiary. In no case this requirement is met in case of dividends paid by a subsidiary which is resident in a tax haven (unless the tax haven is an EU Member State or a part of it and provided that the incorporation and activity of the subsidiary in such tax haven meets valid business reasons and it carries out business activities).		(iv) dividends received on shares of any kind paid out of distributable profits other than profits derived from transactions designed to achieve a reduction in UK tax. If a paying company has any such profits, this exempt class is not available and will not be until all these ‘tainted’ profits have been fully paid out in taxable form; and (v) dividends received in respect of shares that are accounted for as liabilities in accordance with UK generally accepted accounting practice and are taxed as loan relationships for UK tax purposes, except if they are held for an unallowable purpose. The above classes of dividend which are exempt from corporation tax are relatively broad and most ‘normal’ dividends of UK and foreign companies will be exempt from UK corporation tax, subject to relevant anti-avoidance rules. As a general anti-avoidance rule, the dividend payment must not be tax deductible in the source jurisdiction. Furthermore, the distribution must not be made as part of a scheme where:

3.2 Dividend regime (participation exemption)

Spain	Switzerland	United Kingdom
The 95% exemption does not apply in case the dividend distribution is considered a tax-deductible expense in the subsidiary's taxable base. In the event the subsidiary derives dividends and capital gains from two or more entities in which not all the above-mentioned conditions are met, the 95% exemption only applies to the part of the dividends derived from the entities which meet those requirements. For these purposes, it is required to identify which retained earnings have been distributed to the company. The portion of the dividend which cannot benefit from the 95% exemption due to partial fulfillment of the conditions described above must be included in the CIT taxable base and, in the case of foreign subsidiaries, the Spanish company can benefit from a tax credit for the lower of (i) taxes effectively paid abroad, and (ii) taxes payable in Spain on such income. Relief is provided for juridical double taxation only.		(i) a tax deduction is obtained or taxable income is given up in return for the distribution or a right to receive the distribution; (ii) goods and services are paid for on terms that differ from the arm's length price and the reason for the difference is that one of the parties expects to receive a distribution; (iii) the dividend exemption is used to produce a return which is equivalent to interest where the payer and recipient of the distribution are connected and the main purpose, or one of the main purposes, of the scheme is to obtain a more than negligible tax advantage; (iv) an overseas tax deduction is being given in respect of an amount determined by reference to the distribution where the distribution is made as part of the scheme, and the main purpose, or one of the main purposes, of the scheme is to obtain a more than negligible tax advantage; or (v) a company for which a distribution would represent a trade receipt diverts the distribution to a connected company which would want to claim an exemption for the dividend.

3.2 Dividend regime (participation exemption)

Spain	Switzerland	United Kingdom
		It is possible for the UK recipient to elect for a distribution not to be treated as exempt, as a consequence of which foreign tax credit rules may apply on dividends received from foreign companies. This election may be beneficial where the terms of a double tax treaty would apply a higher rate of withholding tax if the dividends were exempt in the hands of the UK recipient compared to if the dividends were not exempt.

3.3 Gains on shares (participation exemption)

Spain

Capital gains derived from the sale (including liquidation, separation of shareholders, merger, partial or total division, capital reduction, contribution in kind or global transfer of assets and liabilities) of a Spanish or foreign subsidiary are 95% exempt from Spanish CIT if:

(i) the conditions listed under 3.2.i) and 3.2.ii) above are met on the day on which the transfer takes place, and
(ii) the conditions listed under 3.2.iii) above are met in each and every tax period of the holding period.

The capital gains 95% exemption will be partially applicable if the requirements listed under 3.2.iii) above were not met during one or more of the tax periods of the holding period. In particular:

- the 95% exemption will apply to the portion of the gain corresponding to retained earnings generated by the foreign subsidiary in tax periods in which the requirements listed under 3.2.iii) above were met.

Switzerland

For capital gains, relief from federal, cantonal and communal income tax is granted in the form of the Participation Reduction (see section 3.2 above) under the following conditions:
(i) the shares disposed of represent at least 10% of the participation's nominal share capital or rights to the reserves and profits of at least 10%; and
(ii) the shares disposed of must have been held for at least 12 months.

If, after the sale of at least 10% of a qualifying participation, the remaining participation drops below the 10% threshold, relief from federal, cantonal and communal income tax will still apply if the fair market value of the remaining participation was at least CHF 1 million at the end of the tax year prior to the further sale. For entities which exclusively operate as a holding company, the Participation Reduction indirectly generally leads to a full exemption from CIT on capital gains derived from qualifying participations if properly structured. In particular, it should be kept in mind that the participation reduction does not apply to the extent the capital gain from the disposal of shares corresponds to previous impairments made on such shares.

United Kingdom

Capital gains on shares held by a UK company (or shares in UK property-rich entities) are subject to UK corporation tax, unless the capital gains qualify for a full exemption under the substantial shareholding exemption rules or are exempted under the QAHC regime (explained below).

To qualify for the substantial shareholding exemption, the investing UK company must have owned 10% or more of the ordinary share capital in the investee company and must be beneficially entitled to 10% or more of the investee company's profits available for distribution and of its assets on a winding-up, throughout an uninterrupted period of at least 12 months in the six years preceding the date of the disposal.

Furthermore, the investee company must meet a trading requirement. The investee company must be a sole trading company or a holding company of a trading group or sub-group. This trading requirement must be met from the beginning of the 12-month period by reference to which the shareholding requirement above is satisfied up to the time of disposal.

3.3 Gains on shares (participation exemption)

Spain	Switzerland	United Kingdom
• the portion of the gain not corresponding to retained earnings generated by the foreign subsidiary and which cannot be allocated to a particular tax period will be allocated proportionally to the tax periods during which the interest in the foreign subsidiary was held, and will be 95% exempt to the extent it is allocated to tax periods in which requirements listed under 3.2. iii) above were met. In general, the above-mentioned rules regarding a partial exemption should also apply in the event of a transfer of a subsidiary which participates in two or more subsidiaries which do not meet all the requirements. The 95% exemption will not apply in the event of a transfer of: (i) a directly or indirectly held subsidiary which is considered a passive company within the meaning of article 5 (2) of the CIT Act. In such a case, the 95% exemption will only apply to the part corresponding to retained earnings; (ii) a subsidiary which is a Spanish or European economic interest group. In such a case, the 95% exemption will only apply to the part corresponding to retained earnings; or	**Transfer stamp tax** The transfer of ownership of taxable securities can be subject to transfer stamp tax at a rate of up to 0.15% on securities issued by a Swiss issuer and up to 0.3% on securities issued by a non-Swiss issuer, calculated on the fair market value of the securities transferred if a Swiss securities dealer for transfer stamp tax purposes is a party or an intermediary to the transaction. Shares, bonds, notes, participation certificates and profit sharing certificates in Swiss or in foreign corporations, as well as participations in limited liability companies or cooperatives and collective investment schemes are considered taxable securities. Swiss companies owning taxable securities with a book value in excess of CHF 10 million qualify as securities dealers for transfer stamp tax purposes. A number of exemptions is available to facilitate intra-group reorganizations.	The jurisdiction of residence or incorporation of the investee company is not relevant. However, special rules apply, for instance in the case of joint ventures and group reorganizations. An anti-avoidance measure applies to deny the substantial shareholding exemption in case of an arrangement under which the sole or main benefit that could be expected is the realization of an exempt gain under the substantial shareholding exemption. With effect from 1 April 2022, the UK introduced a regime providing for a company to elect to become a qualifying asset holding company ('QAHC'). These new vehicles are designed to improve the UK's competitiveness as a location for asset-holding companies through increased tax efficiency for fund investors. The regime may be used by a wide range of funds, although conditions relating to the relevant company's ownership, activity and investment strategy apply.

3.3 Gains on shares (participation exemption)

Spain	Switzerland	United Kingdom
(iii) a directly or indirectly held subsidiary which falls within the scope of the CFC rules if at least 15% of its income is imputed according to such CFC rules. In the event that the circumstances stated in paragraphs (i) and (iii) are met only in one or more tax years of the holding period, the exemption shall not be applicable to the part of the income that proportionally corresponds to those tax years. The 95% exemption will in any event not apply in case of a transfer of a subsidiary which is resident in a tax haven (unless the tax haven is an EU Member State or a part of it, provided that the incorporation and activity of the subsidiary in such tax haven meets valid business reasons and it carries out business activities). The portion of the gain which cannot benefit from the 95% exemption must be included in the CIT taxable base and, in the case of foreign subsidiaries, the Spanish company can benefit from a tax credit for the lower of (i) taxes effectively paid abroad, and (ii) taxes payable in Spain on such income. Relief is provided for juridical double taxation only.		The regime is focused primarily on investment activity by a widely held group and therefore is unlikely to be viable for the holding company of a purely trading or operating group. In addition, the regime does not apply where the investment strategy involves investing in listed or traded shares. However, where applicable, the QAHC exemption can be more advantageous than the general participation exemption above as it applies regardless of the size of shareholding and without any time limits. The QAHC exemption does not apply to shares in UK property-rich entities.

3.3 Gains on shares (participation exemption)

Spain	Switzerland	United Kingdom
Tax credits aiming to provide double taxation relief cannot exceed 50% of the tax due in case of taxpayers which had a turnover of more of EUR 20 million in the previous tax year.		

3.4 Losses on shares

Spain	Switzerland	United Kingdom
Losses on shares qualifying for the participation exemption are not deductible, except in the event of liquidation of the subsidiary, provided that such liquidation does not take place within a restructuring process. However, losses deriving from the liquidation of a subsidiary must be reduced by the amount of dividends received within the prior 10 years in case such dividends did not reduce the acquisition value of the participation and were entitled to tax relief pursuant to the participation exemption regime or the tax credit regime. Subject to certain conditions, losses on shares not qualifying for the participation exemption may be deductible.	Losses are deductible, unless anti-abuse rules apply. Losses can be carried forward for 7 years. Loss carry back is not possible. Upon realization of a capital gain, any earlier impairment needs to be recovered before applying the Participation Reduction. Impairments on qualifying participations can be scrutinized by the tax authorities and added back to the taxable profit in case they are no longer justified.	Losses on a disposal of shares in respect of which the conditions of the substantial shareholding exemption are met do not qualify as an allowable loss for tax purposes. If such conditions are not met, losses on a disposal of shares generally qualify as allowable capital losses which may be offset only against taxable capital gains in the current year and in future years. Use of capital losses against gains in future years is generally restricted to a “deductions allowance” of £5m and will be limited thereafter to offset against 50% of any gains arising in excess of this. No carry back of capital losses is possible. An anti-avoidance measure applies which provides that a capital loss arising on a disposal in connection with arrangements having a main purpose of obtaining a tax advantage will not qualify as an allowable capital loss.

3.4 Losses on shares

Spain	Switzerland	United Kingdom
		Accounting provisions or write-offs on shareholdings held other than on trading account can generally not be taken into account for tax purposes. Exceptionally, where the market value of a shareholding has become negligible, a claim can be made to the UK tax authorities to treat the asset as having been sold and immediately reacquired at its negligible value, thus establishing a capital loss that could in principle be set off against capital gains on other assets, unless the capital loss does not qualify as an allowable loss for tax purposes.

3.5 Costs relating to the participation

Spain	Switzerland	United Kingdom
In general, costs, including interest payments related to the financing of the acquisition and/or maintenance of the participation, are deductible, subject to the interest deduction limitation rules described in 7.2. The referred 95% exemption on dividends and capital gains is achieved through reducing the full exemption by 5% corresponding to a lump-sum of non-deductible expenses related to the management of the participations. Such reduction will not apply, upon certain conditions, to dividends distributed within the first 3 years from the incorporation of the entity that distributes them if it has been incorporated after January 1, 2021. The non-deductible management expenses cannot be eliminated under the tax consolidation regime.	All expenses are in principle deductible. However, due to the method used for calculating the Participation Reduction (see section 3.2 above), expenses that are allocable to dividends and capital gains derived from qualifying participations are effectively not deductible. Swiss regulations provide for thin capitalisation rules applicable to related party debt which can lead to the result that the related party debts may be treated as taxable equity. Respective interest paid may be treated as hidden distribution subject to Swiss WHT and CIT. Furthermore, for interest payments to related parties, fixed safe harbour interest rates, annually published by the Swiss Federal Tax Authorities, should be applied. Otherwise, for interests exceeding the permitted safe harbour rates, deduction may be denied and the payments might be treated as hidden distribution subject to Swiss WHT, unless it can be demonstrated that the applied interest rates are at arm's length. Certain debt-to-equity ratios and safe harbour interest rules should thus only be deviated from in case this can be defended (and is documented) from an arm's length perspective.	Costs relating to the acquisition or sale of the participation are generally not deductible against income profits, but may be deducted from capital gains on disposal (if not covered by the substantial shareholding exemption). However, interest expenses on debt incurred to purchase or to fund participations (whether located in the UK or not) are in principle tax deductible, provided the level of debt taken on and the interest payable comply with arm's length terms, do not breach the unallowable purpose rule (i.e. debt should be within business or commercial purposes of the debtor) and provided no other specific rule limiting the deductibility of interest applies (see 7.2 below).

4. Pillar Two

Reference is made to section III for a general summary of Pillar Two. Terms defined in that section are used below.

Spain	Switzerland	United Kingdom
General On 20 December 2024, legislation which implements the OECD's Pillar Two and the EU Directive has been approved in Spain in the form of a new tax (Impuesto Complementario) that ensures an effective tax rate of 15% for MNE groups. According to the approved text, Spain will apply an IIR and a QDMTT with retroactive effect for fiscal years beginning on or after December 31, 2023. On the other hand, as a general rule Spain will apply a UTPR for financial years starting on or after December 31, 2024.	**General** Switzerland has introduced a QDMTT as of January 1, 2024 through a temporary ordinance which will be replaced by a federal law in the coming years. The temporary Pillar Two ordinance includes the GloBE Rules via reference to the rules. It is therefore expected that the Swiss QDMTT will qualify for the QDMTT safe harbor. According to the Central Record released on January 15, 2025, Switzerland has achieved the QDMTT Safe Harbor. Under certain conditions, the Swiss QDMTT may be determined on the basis of Swiss GAAP FER accounts, which may prove more beneficial than other accounting standards in certain constellations. The introduction of the QDMTT may in particular cause certain frictions with respect to the Swiss Participation Reduction, as the criteria for a respective relief for qualifying participations (Excluded Gains or Dividends under GloBE Rules) do not always match.	**General** The United Kingdom applies an IIR and QDMTT for financial years starting on or after December 31, 2023. The United Kingdom also applies a UTPR for financial years starting on or after December 31, 2024. The transitional safe harbour will apply for one year to exclude groups from the UTPR where the minimum tax rate in the undertaxed ultimate parent entity jurisdiction is at least 20%. **Potential mismatches in treatment of dividends** The United Kingdom has a generous participation exemption with respect to dividends (reference is made to para 3.2 above). This means that shareholdings below 10% and shareholdings held for less than one year can have a negative impact on the ETR for Pillar Two purposes as dividends arising from such shareholdings are generally exempt from UK corporation tax under the participation exemption, but may not qualify as an Excluded Dividend or an Excluded Equity Gain or Loss for Pillar Two purposes.

Spain	Switzerland	United Kingdom
Mismatch scope participation exemption The Spanish participation exemption applies to shareholdings of at least 5% if certain additional conditions are met (reference is made to par. 3.2 above). This means that shareholdings between 5% - 10% can have a negative impact on the ETR for Pillar Two purposes as capital gains from such shareholdings are generally exempt from Spanish corporate income tax under the domestic participation exemption, but do not qualify as an Excluded Equity Gain for Pillar Two purposes. In any event, the wording of the Spanish legislation, contrary to the OECD Model Rules and the EU Directive, excludes any capital gain deriving from shareholdings that have been maintained for at least one year, irrespective of the percentage held. The implications of such a deviation have not been clarified yet. On a separate note, under certain conditions, losses on shareholdings are deductible for Spanish corporate income tax purposes upon liquidation of the subsidiary, whereas these may constitute an Excluded Loss for Pillar Two purposes. It remains to be seen whether the equity investment inclusion may be relevant in this situation.	Further, Switzerland has also implemented the IIR effective January 1, 2025. For the time being, Switzerland has not implemented the UTPR and will continue to monitor international developments and decide on the implementation at a later date. From a compliance perspective, Switzerland has introduced a self-registration system for Pillar Two purposes for entities which will have to file a QDMTT tax return ('**OmTax**'). The lead Swiss entity of an in-scope MNE Group (as determined in accordance with the Swiss One-Stop-Shop rules) is required to register itself on OmTax. Once registered, the lead Swiss entity may file the QDMTT return (first year deadline: June 30, 2026) and the IIR return (as of January 1, 2026) on OmTax.	**Potential mismatches in treatment of gains or losses on shares** Disposals of shares may have a negative impact on the ETR for Pillar Two purposes due to mismatches in the conditions relevant to the substantial shareholding exemption (reference is made to para 3.3 above) and the conditions for a gain to be an Excluded Equity Gain for Pillar Two Purposes. Similarly, where the conditions for the substantial shareholding exemption are not met (reference is made to par. 3.3 above), losses on shareholdings may give rise to allowable losses for UK corporation tax purposes, whereas these may constitute an Excluded Equity Gain or Loss for Pillar Two purposes.

5. Withholding taxes

5.1 Withholding tax on dividends

Spain	Switzerland	United Kingdom
Under the Spanish holding regime (ETVE regime), which is subject to certain formalities, no withholding tax is levied on the part of the dividend relating to income from qualifying foreign subsidiaries (i.e. if conditions listed under 3.2 above are met) when distributed to a non-resident shareholder, provided that the shareholder is not resident in a tax haven. Otherwise, the general withholding tax rate applicable for outbound dividends to non-resident shareholders is 19%, which is usually reduced to 0 - 15% by virtue of tax treaties or by virtue of the implementation of the EU Parent-Subsidiary Directive in Spanish domestic law if all the applicable requirements are met. The tax exemption deriving from the implementation of the EU Parent-Subsidiary Directive in Spanish domestic law will not apply under a domestic special anti-avoidance rule if the majority of the voting rights in the EU parent company are directly or indirectly held by individuals or other entities that do not reside in an EU Member State (or in the EEA provided that an effective exchange of tax information treaty with Spain exists), unless the incorporation and operations of the EU parent company follow valid economic motives and substantive business reasons.	The domestic dividend withholding tax rate is 35%. If a distribution is made to a Swiss resident company, a full refund can be obtained or, in case a participation of at least 10% (applicable since January 1, 2023; prior to January 1, 2023 the participation quota was 20%) is held and a (domestic) notification procedure is followed, an exemption at source can be obtained. In international constellations, the domestic dividend withholding tax may be (partially or fully) refunded by virtue of tax treaties or the Agreement between Switzerland and the EU on the automatic exchange of financial account information ('CH/EU Agreement'). Under the tax treaties with various countries and under the CH/EU Agreement, an exemption or reduction at source is available for qualifying parent companies. Certain strict requirements have to be met (beneficial ownership and anti-abuse tests). On the basis of the CH/EU Agreement (art. 9), a full refund or exemption at source may be obtained for dividends paid by a Swiss subsidiary to an EU parent company provided that:	The UK does not generally levy withholding tax on dividend payments. One of the few exceptions is a dividend paid by a UK REIT.

5.1 Withholding tax on dividends

Spain	Switzerland	United Kingdom
	(i) the EU parent company holds at least 25% of the nominal share capital of the Swiss subsidiary for at least two years; (ii) the parent company is resident for tax purposes in an EU state and the distributing company is resident for tax purposes in Switzerland; (iii) under any double tax treaty with a third State neither company is resident for tax purposes in that third State; and (iv) both companies are subject to corporation tax without being exempt and both have the form of a limited company. For an exemption at source pursuant to a tax treaty or the CH/EU Agreement, approval must be requested in advance which is valid for 5 years (applicable since January 1, 2023; prior to January 1, 2023 the validity period was 3 years). In addition, in respect of each dividend distribution, a notification procedure applies.	

5.1 Withholding tax on dividends

Spain	Switzerland	United Kingdom
	Contributed capital and share premium can in principle be repaid free of dividend withholding tax, provided that certain strict formalities are complied with (inter alia, booked in a separate account in the books of the company, periodically reported to the Swiss Federal Tax Administration). With respect to Swiss listed top companies Switzerland has implemented, as of January 2020, restrictions to the amount that a public company listed at the Swiss stock exchange may distribute as capital contribution reserves (i.e., free of any Swiss withholding tax). No similar restrictions apply to any other companies. Switzerland continues to apply its strict anti-abuse tests (as well as the beneficial ownership test) under unilateral rules, tax treaties and under the CH/EU Agreement.	

5.2 Withholding tax on interest

Spain	Switzerland	United Kingdom
19% withholding tax (which may be reduced under tax treaties to 0-15%). 0% to tax residents in an EU Member State (not qualified as tax haven, e.g. Gibraltar) or in the EEA provided that an effective exchange of tax information treaty with Spain exists, provided that they do not obtain the interest through a permanent establishment located in Spain or outside the EU.	Withholding tax at a rate of 35% is levied on interest payments by for instance banks and similar financial institutions, or on interest paid on bonds, notes and similar securities. If properly structured and documented, interest paid by an ordinary holding company on an intercompany loan is not subject to withholding tax, unless the loan is profit sharing or qualified as hidden equity. Certain safe harbour rules may be applied to intercompany financing schemes.	The UK levies 20% withholding tax on interest payments made to non-residents on loans with a maturity of 365 days or more. However, there are a few exemptions. No UK withholding tax is due on interest paid on quoted Eurobonds. In addition, interest payments on (UK) bank deposits may be made free of withholding tax, provided a declaration of non-residence is filed with the bank. A further exemption is available for qualifying private placements (a form of long-term, non-bank, unlisted debt) on certain businesses and infrastructure projects. A QAHC is not required to withhold tax from interest payments that it makes. A reduced interest withholding tax rate may apply pursuant to a double tax treaty with the UK. Treaty relief generally requires the recipient of the interest be the ‘beneficial owner’ of the interest, and the tax authorities take a close look at the reason for the formation of the treaty qualified recipient in that jurisdiction.

5.3 Withholding tax on royalties

Spain	Switzerland	United Kingdom
24%, which can generally be reduced under a tax treaty. Royalties paid to residents of an EU or EEA country with which an effective exchange of information treaty exists, the withholding tax is reduced to 19%. No withholding tax applies between associated companies in the EU pursuant to the provisions of the EU Interest and Royalty Directive. The withholding tax exemption does not apply when the majority of the voting rights in the EU company which derives the royalties are owned, directly or indirectly, by individuals or other entities that do not reside in an EU Member State, unless the incorporation and operations of the EU parent company follow valid economic motives and substantive business reasons.	None (unless a royalty is requalified as a deemed dividend distribution).	The UK levies 20% withholding tax on patent royalty payments and payments for copyrights made to non-residents, as well as on certain other classes of regular payments to non-residents. Following the end of the Brexit transition period, the UK amended its laws so that the provisions of the EU Interest and Royalty Directive no longer apply.

6. Non-resident capital gains taxation

Spain	Switzerland	United Kingdom
Gains realized by non-resident individuals or companies on the disposal of shares in a Spanish company, are subject to Spanish taxation at a 19% rate. Likewise, gains realized by non-resident individuals or companies on the disposal of shares of companies mainly composed of Spanish real estate, or which allow for the enjoyment of Spanish real estate, are also subject to taxation at the same rate. For tax residents in the European Union or for tax residents in the European Economic Space with a tax treaty which includes an exchange of information clause, this taxation might be reduced to 0% except in those cases where: i) The entity assets are mainly comprised of Spanish real estate. ii) In case of natural persons, they have directly held a participation of at least 25% in the transferred entity in the last 12 months. iii) In case of non-resident entities, their participation in the transferred entity does not meet the requirements to apply the exemption of article 21 (see section 3). This taxation might also be reduced (with some exceptions) to 0% by certain tax treaties.	Gains realized by non-resident individuals or companies on the disposal of shares in a Swiss company are normally not subject to Swiss taxation. Exceptions may apply on the disposal of shares in real estate companies.	Capital gains realized by a non-resident shareholder on the sale of shares in a UK company are not subject to UK taxation, unless certain rules apply, for example where the shares are attributable to a UK permanent establishment of the shareholder or the shares sold are those of a UK-property rich entity (if certain ownership tests are met). A UK property rich entity is defined for these purposes as a company that derives 75% or more its gross asset value (directly or indirectly) from UK real estate. A capital gains charge also applies on direct disposals of interests in UK land.

Spain	Switzerland	United Kingdom
Under the Spanish holding regime (ETVE regime), which is subject to certain formalities, capital gains realized by non-residents on the transfer of shares in a Spanish company are not subject to Spanish taxation, to the extent that the capital gains realized relate to retained earnings from dividends obtained from qualifying foreign subsidiaries or to the increase in value of the qualifying foreign subsidiaries, provided that the seller (non-resident shareholder) is not resident in a tax haven. In case non-resident capital gains taxation applies, the applicable rate is 19%. **Other exemptions** Qualifying exchanges of shares, mergers, spin-offs and contributions of assets. Additionally, capital gains derived from the transfer of shares in Spanish listed companies by tax residents in a treaty country with an exchange of information clause are exempt. **Liquidation** The dissolution/winding up of a Spanish company, triggers the same CIT consequences as described above in relation to a transfer of shares.		

7. Tax rulings

Spain	Switzerland	United Kingdom
Binding rulings can be obtained in relation to the interpretation and/or application of the provisions regulating the Spanish company. Spain (and all other EU Member States) is required to automatically exchange certain information on tax rulings and advance pricing agreements issued on or after January 1, 2017. In addition, certain tax rulings and advance pricing agreements issued, amended or renewed after January 1, 2012, will also be subject to exchange. In addition, Spain has committed itself to the OECD framework regarding the compulsory exchange information on tax rulings issued on or after April 1, 2016. Tax rulings issued on or after January 1, 2010, that were still valid on or after January 1, 2014, had to be exchanged before 2017. The categories of tax rulings on which information has to be exchanged are identified in the OECD BEPS Action 5 Final Report.	It is generally possible and common practice to obtain advance tax rulings from the competent tax authorities. Switzerland has started spontaneously exchanging information on advance tax rulings as of 2018. Not only new rulings but also existing rulings applicable as from January 1, 2010 that are still applicable on January 1, 2018 are subject to the spontaneous exchange. The spontaneous exchange of information of advance tax rulings by Switzerland is based on the OECD Convention on Mutual Administrative Assistance in Tax Matters ('MAC') and exchange may take place to the countries where the MAC has entered into force. The MAC as well as the required Swiss domestic legislation (the Swiss Tax Administrative Assistance Ordinance) for the spontaneous exchange of information on advance tax rulings entered into force in Switzerland on January 1, 2017. Rulings which are subject to spontaneous exchange of information include namely rulings that carry a significant risk of base erosion and profit shifting such as, inter alia, rulings on certain special tax regimes, unilateral transfer pricing rulings or rulings regarding the attribution of income to a permanent establishment.	It is not common practice to obtain advance tax rulings. However, under specific statutory provisions advance clearance may also be obtained for certain transactions. The most common example is a clearance letter for a share-for-share or share-for-debt exchange between two companies to defer any gains. It is also possible to ask for a non-statutory clearance in respect of recent tax legislation where there is genuine uncertainty as to the meaning of the legislation and the matter has a commercial importance to the company seeking the clearance. The United Kingdom has been required to automatically exchange certain information on tax rulings and advance pricing agreements issued on or after January 1, 2017 with Member States of the EU, and continues to do so in spite of Brexit. In addition, certain tax rulings and advance pricing agreements issued, amended or renewed after January 1, 2012 will also be subject to exchange.

Spain	Switzerland	United Kingdom
		In addition, the United Kingdom has committed itself to the OECD framework regarding the compulsory exchange information on tax rulings issued on or after April 1, 2016. Tax rulings issued on or after January 1, 2010 that were still valid on or after January 1, 2014 had to be exchanged before 2017. The categories of tax rulings on which information must be exchanged are identified in the OECD BEPS Action 5 Final Report.

8. Anti-abuse provisions

8.1 CFC rules

Spain	Switzerland	United Kingdom
Under domestic CFC rules, certain income derived by controlled low-taxed foreign subsidiaries or permanent establishments must be included in the taxable base of the Spanish tax resident shareholder and therefore taxed in Spain. There is a carve-out clause for EU or EEA subsidiaries carrying out economic activities. The domestic CFC rules apply when the following cumulative requirements are met: (i) The Spanish corporate taxpayer by itself or jointly with certain related persons or entities, holds 50% or more of the share capital, equity, voting rights or results of the non-resident entity. (ii) The tax (CIT or similar) paid by the non-resident entity on the attributable net income is less than 75% of that which would have been payable under Spanish CIT (i.e. in general, a corporate tax rate lower than 18,75%).	ATAD is not applicable for Switzerland as Switzerland is not part of the EU. As a consequence of the above, Switzerland has not implemented any CFC provisions and does not apply any 'subject to tax' rules. In principle, foreign companies are thus recognised for Swiss tax purposes, if they are managed and controlled abroad and their intended use does not serve Swiss tax avoidance purposes. Even though ATAD is not applicable for Switzerland as Switzerland is not part of the EU, ATAD has a substantial impact on the corporate tax position of EU businesses. Therefore, the implications of ATAD can also impact certain Swiss business operations of multinational enterprises and thus require a case-by-case assessment.	The UK has CFC rules which, broadly, seek to tax UK resident companies on the undistributed profits of certain foreign subsidiaries in lower tax jurisdictions. A number of entity level exemptions may remove foreign subsidiaries from the scope of the charge, for example (broadly): an exempt period applies for the first 12 months after a CFC comes under UK control; and an excluded territories exemption applies for CFCs in territories identified on a list maintained by the UK tax authorities. If no entity level exemption applies, UK tax is due on profits that fall within one of the 'CFC charge gateways', which, broadly speaking, aim to capture profits artificially diverted from the UK. Various amendments to the UK's anti-abuse provisions that the UK adopted in order to comply with ATAD 1 remain in force following the Brexit implementation period, including technical changes to its CFC rules and anti-hybrid regime.

8.1 CFC rules

Spain	Switzerland	United Kingdom
Subject to the above control and low-taxation conditions, all of the income obtained by a non-resident entity must be included in the taxable base of the Spanish corporate taxpayer in cases where the non-resident entity does not have a minimum organization of human and material means for obtaining such income, even if it carries out recurring transactions. In case the controlled low-taxed non-resident entity or permanent establishment has an organization of human and material means to carry out its business activity, income derived by such entity must be included by the Spanish corporate taxpayer, at the pro rata share in the results of the CFC, if the income derived qualifies as 'passive' (e.g. income from passive real estate investments, interest, dividends, insurance income, passive intellectual property income, income from derivative instruments, income from financial activities that do not qualify as economic activities, income obtained from non-resident related parties where such entities add limited or none value to the transaction). Spanish CFC rules provide for a credit system aimed to avoid double taxation.		In September 2024, the CJEU confirmed that the UK's rules for exempting non-trading finance profits from its CFC charge do not constitute State Aid to the extent that the relevant significant people functions for those profits are located in the UK. This decision annulled the previous decision of the EU commission made in April 2019.

8.2 Earnings stripping rules

Spain	Switzerland	United Kingdom
The domestic earnings stripping rules limit the deduction of the net amount of interest expenses borne by a Spanish corporate taxpayer in a taxable year to the higher of: (i) 30% of the EBITDA -as defined for tax purposes-; or (ii) EUR 1 million. For tax periods beginning after January 1, 2024, exempt income – such as exempt dividends – is excluded from the aforementioned tax EBITDA. Net interest expenses which are non-deductible owing to the application of this limit may be deductible in subsequent tax periods, along with those corresponding to such periods, subject to the same limit. In the case the net financing expenses of the tax period do not reach the 30% limit, the difference between that limit and the net financing expenses of that tax period can be added to the limit that will apply in the next 5 tax periods.	ATAD is not applicable for Switzerland as Switzerland is not part of the EU (see section 8.1 above). The earnings stripping rules are part of the EU ATAD. Even though Switzerland has not implemented these rules, the implications of the earnings stripping rules as part of EU ATAD can also impact certain Swiss business operations of multinational enterprises and thus require a case-by-case assessment. Swiss thin capitalization rules and at arm's length interest conditions for related party transactions must be observed. Safe harbor rules are available for this purpose (see section 3.5 above).	The UK's 'interest-barrier' regime limits the deductibility of interest expense for companies that are part of groups with more than £2 million of net UK interest expense in a given accounting period. The default position under the rules is that the tax deductibility of a group's net interest expense is limited to a fixed ratio of 30% of its taxable EBITDA. A debt cap applies to ensure that the net UK interest expense does not exceed the net external interest expense of the worldwide group. Alternatively, a group may substitute the fixed 30% ratio with a 'group ratio' method. The group ratio is based, broadly, on the ratio of the net interest expense of the worldwide group to its EBITDA for the period (ignoring amounts payable to shareholders and related parties, and equity-like instruments) on the basis of its consolidated accounts. A debt cap also applies to the group ratio. Interest expense for which deductions are denied may be carried forward indefinitely to any later period where there is sufficient interest allowance. Unused interest allowance can be carried forward for five years.

8.2 Earnings stripping rules

Spain	Switzerland	United Kingdom
In case of leveraged acquisitions, there is an additional rule that limits the deductibility of interest on loans that have been obtained for the purchase of shares, to 30% of the operating profit of the acquiring entity. The limitation does not apply in the year of the acquisition if the acquisition debt does not exceed 70% of the consideration paid for the shares. In the following years, the limitation does not apply if the acquisition debt is proportionally amortized within an eight-year period until it is reduced to 30% of the total consideration.		Interest deduction may also be curtailed by the UK's hybrid mismatch rules (see 8.5 below).

8.3 General anti-abuse rules

Spain	Switzerland	United Kingdom
The Spanish General Tax Act includes the following anti-avoidance rules: • Proper characterization of transactions, which establishes that tax obligations are due according to the juridical nature of the transaction, regardless of the form or name used by the parties involved or any issue that could affect its legal validity. • Conflict in the application of the tax rules, which prevents taxpayers from obtaining a tax benefit through transactions that (i) individually or jointly considered, are notoriously artificial or improper for the outcome obtained; and (ii) do not give rise to relevant legal or economic effects, apart from the tax benefit and those that the usual or proper transactions would have created. • Sham transactions, which, according to case law, imply the creation of a feigned legal situation that conceals a different, underlying legal situation or the absence of any transactions. The application of these general anti-abuse rules can give rise to penalties, except for cases challenged by way of the conflict in the application of the tax rules, and which do not correspond to black-listed transactions.	A growing number of tax treaties provide specific anti-abuse rules, in particular the principal purpose test.	The UK has a general anti-abuse rule which counteracts tax advantages arising from abusive tax arrangements. Penalties of up to 60% of the counteracted tax may be imposed. In practice, the general anti-abuse rule has been little used by the UK tax authorities as a result of the high threshold required to establish abusive arrangements.

8.4 Exit taxation

Spain	Switzerland	United Kingdom
When a Spanish corporate taxpayer transfers its tax domicile abroad, all its latent capital gains are deemed realized and are therefore subject to CIT (certain tax exemptions may apply), except those corresponding to assets that remain effectively connected to a permanent establishment in Spain. However, if the assets are transferred to an EU Member State or an EEA country with effective exchange of information with Spain, the taxpayer may opt for deferring the payment by paying it in instalments over five years.	Upon relocation of a company's domicile, a transfer of assets or business functions from Switzerland abroad (outbound migration), outbound merger or liquidation: • For CIT purposes, hidden reserves (difference between fair market value of the company or business and the tax value) are subject to an exit taxation. The CIT rate varies between the cantons (see section 3.1 above). The Participation Reduction may be applicable in case qualifying participations are transferred (see conditions section 3.2 above). • For WHT purposes, the difference between (i) fair market value of the company or business and (ii) the share capital plus qualifying capital contribution reserves are subject to an exit taxation of 35%. A (full or partial) refund may apply based on a tax treaty or the CH/EU Agreement. For qualifying parent companies, a reduction or exemption at source (notification procedure) may be possible under certain conditions (see section 5.1 above).	A company ceasing to be resident in the UK is deemed to dispose of and reacquire all of its capital assets at market value immediately prior to the change in residence. Any unrealised gains will therefore be realized and subject to UK corporation tax. Similar charges apply to intangible fixed assets, loan relationships, derivative contracts and any deemed profits arising from the cessation of a UK trade. Any assets that will be used in a permanent establishment in the UK after the migration are exempt from the exit charge and will be charged once the assets are no longer used in the permanent establishment. Similarly, any capital gain arising in respect of an interest in UK real property will be deferred until the subsequent disposal of that interest. Companies that migrate to a relevant EEA jurisdiction may enter into a payment plan to defer the tax liability arising as a result of the deemed gains. The UK's broad substantial shareholding exemption (see para 3.2 above) materially mitigates the effect of the exit charge in respect of pure holding companies.

8.5 Hybrid mismatch rules

Spain	Switzerland	United Kingdom
For tax periods which have started after January 1, 2020, and have not finished by March 11, 2021, Spain applies hybrid mismatch rules as per the implementation of ATAD 2 into Spanish law (except for reverse hybrid mismatches). The purpose of the rules is to neutralize the tax effects of hybrid mismatches mainly by limiting the deduction of payments; rules for the inclusion of payments in the taxable income of a Spanish corporate taxpayer are also set forth. Among others, covered hybrid mismatches include (i) scenarios in which an expense is deductible in one territory whereas it is not treated as a taxable revenue in the country of the recipient, or is subject to a reduced tax rate or to any deduction or refund of tax other than a credit to avoid legal double taxation, as a result of the different characterization of the transaction or of the legal nature of the taxpayers involved; (ii) scenarios in which the same expense is deductible in two countries or territories; (iii) scenarios involving deduction without inclusion or double deduction stemming from differences in the recognition of revenues and expenses, or even from the recognition of the actual existence of a permanent establishment, between the country where the permanent establishment is located and the country where the parent company is situated;	ATAD is not applicable for Switzerland as Switzerland is not part of the EU (see section 8.1 above). The hybrid mismatch rules are part of ATAD. Even though Switzerland has not implemented that rule, the implications of the hybrid mismatch rules as part of ATAD can also impact certain Swiss business operations of multinational enterprises and thus require a case-by-case assessment.	The UK has hybrid mismatch rules which seek to counteract mismatches involving either double deductions (double deduction cases) for the same expense or deductions for expenses without any corresponding receipt being taxable (deduction/non-inclusion cases). The rules apply to arrangements involving a hybrid financial instrument, hybrid transfers, a hybrid entity, a dual resident company and imported mismatches. The UK's hybrid rules pre-date the EU ATAD reforms but are largely consistent with the rules in EU jurisdictions. The hybrid rules are modified so as to prevent a counteraction that may otherwise occur in respect of securities for which a QAHC is allowed deductions under the QAHC regime (e.g., in the case of profit participating loans).

8.5 Hybrid mismatch rules

Spain	Switzerland	United Kingdom
(iv) imported mismatches, occurring where the mismatch takes place in relation to a third entity in another country or territory but gives rise to a deductible expense in Spain; (v) structured arrangements, in which the generation of a deductible expense without any tax on the related revenue or of an expense deductible in two or more countries or territories forms part of the expected return under the arrangement (or the arrangement has been designed to produce exactly that outcome); (vi) double use of tax withholdings, for the purposes of the tax credit for international double taxation; and (vi) double tax residence, where it means that an expense is tax-deductible in two countries or territories at the same time. Additionally, Spanish legislation prevents the tax deductibility of interest expenses paid to group companies on profit sharing loans. On a separate note, as mentioned in 3.2, dividends that are considered a deductible expense for the payer are not eligible for the participation exemption. Moreover, exemption for income derived through a permanent establishment located abroad does not apply when it is disregarded.		

8.6 Other (domestic) anti-abuse provisions and doctrines

Spain	Switzerland	United Kingdom
Apart from the anti-abuse provisions discussed under 8.1 to 8.5 above Spanish tax laws include rules on transfer pricing based on the OECD guidelines. Additionally, expenses from transactions directly or indirectly entered into with individuals or entities resident in tax havens jurisdictions are not tax deductible, unless the taxpayer proves that the transactions were carried out for valid economic reasons. Anti-treaty shopping rules are included in some tax treaties. Also, the Spanish Supreme Court has confirmed that the domestic general anti-abuse rule applies at treaty level.	Doctrine and case-law provide for the application of general (partially implicit) anti-abuse provision for tax matters.	Generally, UK courts adopt a purposive rather than overly literal interpretation of relevant tax legislation, taking a realistic view of the transaction. The UK has a so-called 'diverted profits tax' regime which, according to UK government publications, is intended to counteract 'contrived arrangements' to divert profits from the UK by avoiding a UK taxable presence or by other contrived arrangements between connected entities. A general rate of 31% (plus interest) applies to diverted profits relating to UK activity, targeting foreign companies which are perceived as exploiting the UK's permanent establishment rules or creating other tax advantages by using transactions or entities that lack economic substance. An increased rate of 55% applies to certain diverted profits of oil and gas companies. A proposal is being considered to remove the diverted profit tax's status as a separate tax and bring an equivalent (higher rate) charge into corporation tax to clarify the relationship between the taxation of diverted profits and transfer pricing and provide access to treaty benefits while maintaining key features of the diverted profits tax regime.

8.6 Other (domestic) anti-abuse provisions and doctrines

Spain	Switzerland	United Kingdom
		The UK has a corporate criminal offence of failure to prevent tax evasion, for which a business is liable if it fails to prevent its employees, agents and other 'associated persons' from criminally facilitating tax evasion. This regime has far-reaching consequences and creates two offences relating to: (i) all businesses (wherever located) and the facilitation of UK tax evasion; and (ii) businesses with a UK connection and the facilitation of non-UK tax evasion. The UK's digital services tax is a 2% turnover tax on the UK digital services revenues of businesses that provide social media services, internet search engines or online marketplaces, where certain revenue thresholds are met. It may be charged on companies outside the UK and is not limited to UK companies or UK permanent establishments. The intention is that the digital services tax will eventually be repealed once Pillar One is agreed and adopted by UK law. Following political agreements reached in October 2021 for a two-pillar solution (including Pillar One), it was agreed that the UK may retain revenue raised from the UK digital services tax up until Pillar One reforms are implemented.

8.6 Other (domestic) anti-abuse provisions and doctrines

Spain	Switzerland	United Kingdom
		Once Pillar One is implemented, groups will be able to claim a credit calculated by reference to the difference between any digital services tax paid by the groups between January 2022 and the date the digital services tax is repealed and what the group would have paid if Pillar One had been in effect during this period. This credit can then be used against the group's future corporation tax bill.

9. Mandatory disclosure rules

Spain	Switzerland	United Kingdom
As of April 14, 2021, Spain has fully implemented into national law mandatory disclosure rules on the basis of DAC6. In general, the Spanish implementation follows the minimum standard of DAC6. A cross-border arrangement is reportable if it concerns at least one EU Member State and contains at least one of the hallmarks set out in DAC6. In pure domestic situations and situations without link to any EU Member State, no reporting obligations exist. The Spanish legislation includes a penalty regime for the lack of submission and inaccurate or incomplete submission of the declarations. Specifically, failure to comply with the reporting requirement will result in penalties of EUR 2,000 per data or per omitted or inaccurate data on reportable arrangements, with a minimum penalty of EUR 4,000.	DAC6 is, in principle, not applicable for Switzerland as Switzerland is not part of the EU. However, Swiss companies can also be affected by the mandatory disclosure rules in case of cross-border transactions and arrangements with related companies.	The UK had implemented a regime whereby the UK tax authorities require any person undertaking tax planning which meets certain conditions to make disclosure thereof. This regime is generally understood to have influenced the approach taken by the EU in developing its rules requiring mandatory disclosure of cross-border arrangements showing one of a number of specified 'hallmarks', commonly known as 'DAC6'. Following the signing of the TCA with the EU, the UK announced it would restrict its regulations implementing DAC6 significantly. The revised regime, which is now applicable in the UK, is designed to implement the OECD's mandatory disclosure rules, and therefore only targets structures designed to undermine reporting requirements or obscure beneficial ownership (Hallmark D of DAC 6). The remainder of DAC6 is not applicable in the UK. The UK government is currently consulting on the implementation of recent OECD amendments to the Common Reporting Standard ('CRS'), which update the rules to include new types of assets and improve its operation.

Spain	Switzerland	United Kingdom
		The UK requires large companies to disclose UK tax strategies on their business's website. There is also a Trust Registration requirement in force for trusts with a UK nexus, including where UK companies are beneficiaries of such trusts.

10. Income tax treaties / MLI

10.1 Signatory to the MLI / ratification

Spain	Switzerland	United Kingdom
Spain signed the MLI on June 7, 2017, ratified it on September 28, 2021, and it entered into force on January 1, 2022. Spain made a reservation pursuant to Article 35(7)(a), by means of which the entry into effect of the MLI regarding each Covered Tax Agreement is subject to Spain notifying the confirmation of the completion of its internal procedures simultaneously to the OECD and the other Contracting Jurisdiction(s) to which the notification relates. The date of effects will need to factor in such date of notification of confirmation of completion of Spanish internal approval procedures. In any event, the provisions of this Convention will have effect in each Contracting Jurisdiction with respect to a CTA: • For taxes withheld at source, the amendments affect the taxable events occurring from January 1 of the year starting after 30 days have lapsed from the date the OECD receives the communication. • In the case of other taxes, the amendment of the MLI will take effect for the tax periods starting six months after 30 days have lapsed from the date the OECD receives the communication.	The MLI was signed by Switzerland on June 7, 2017 and entered into force on December 1, 2019. Switzerland implements only a minimum standard either within the framework of the MLI or by means of the bilateral negotiation of tax treaties. With respect to the effect the MLI has on covered tax agreements, Switzerland follows the ‘amending view’. Switzerland has reserved the right to apply the MLI to a covered tax agreement only once Switzerland has expressly notified the OECD that it has completed its internal procedures to amend the specific treaty. Switzerland expressed reservations on the majority of the articles of the MLI, i.e., committed to the application of only the international minimum standards. Therefore, Switzerland will adhere to the new standards on (i) the prevention of treaty abuse by applying a principal purpose test and (ii) dispute resolution to avoid double taxation.	The United Kingdom signed the MLI on June 7, 2017, ratified it on May 23, 2018, and it entered into force on October, 1 2018. The United Kingdom has accepted most of the provisions in the MLI. However, the United Kingdom will not apply: article 3(2) (Transparent Entities); article 6(1) (Purpose of a Covered Tax Agreement); article 8 (Dividend Transfer Transactions); article 9 (Capital Gains from Alienation of Shares or Interests of Entities Deriving their Value Principally from Immovable Property); article 10 (Anti-abuse Rule for Permanent Establishments Situated in Third Jurisdictions); article 12 (Artificial Avoidance of Permanent Establishment Status through Commissionaire Arrangements and Similar Strategies); and article 14 (Splitting-up of Contracts).

10.1 Signatory to the MLI / ratification

Spain	Switzerland	United Kingdom
Spain deposited its instrument to ratify the MLI in September 28, 2021 opting to postpone its effective application once the other signatories are notified that Spain has completed the internal ratification procedure. Accordingly, on 1 June 2022, Spain submitted its notification to the OECD confirming the completion of its internal procedures. Therefore, the MLI is effective in Spain as of January 1, 2023. Spain has largely accepted all provisions in the MLI, with limited reservations. Spain reserves the right for article 4 (Dual Resident Entities) not to apply. Spain will not apply articles 11 (savings clause) and 14 (splitting-up of contracts) either. Spain has opted for the application of the principal purpose test and the mandatory binding arbitration in its covered tax treaties.		

10.2 Income tax treaties and effect of the MLI[4]

The below overview shows income tax treaties that are in force as of January 1, 2025. Treaties in respect of which both countries have listed the treaty as a Covered Tax Agreement in relation to the MLI are shown in **bold**. Treaties in respect of which the MLI has entered into force for both countries as of January 1, 2025 (i.e., both countries have deposited their instrument of ratification with the OECD no later than September 30, 2024) are shown in **bold underlined**.

Treaties that are not considered a Covered Tax Agreement but do contain a Principal Purpose Test in line with the MLI are indicated with an asterisk (i.e. '*').

As a general rule, the MLI will be effective for a specific treaty (a) for withholding taxes: as from the first day of the calendar year beginning after the date on which the MLI has entered into force for both countries; and (b) for all other taxes: for taxable periods beginning on or after expiration of a period of 6 calendar months after the date on which the MLI has entered into force for both countries. Exceptions may apply.

Spain	Switzerland[5]	United Kingdom
As of January 1, 2024, Spain has income tax treaties in force with the following countries:	As of January 1, 2024, Switzerland has income tax treaties in force with the following countries:	As of January 1, 2024, the UK has income tax treaties in force with the following countries:
1. **Albania**	1. Albania*	1. **Albania**
2. Algeria	2. Algeria	2. **Algeria**
3. **Andorra**	3. **Argentina**	3. Antigua and Barbuda
4. **Argentina**	4. Armenia*	4. **Argentina**
5. **Armenia**	5. Australia*	5. **Armenia**
6. **Australia**	6. **Austria**	6. **Australia**
7. **Austria**	7. Azerbaijan	7. Austria*
8. **Azerbaijan**	8. Bahrain*	8. **Azerbaijan**
9. **Barbados**	9. Bangladesh	9. **Bahrain**
10. Belarus	10. Belarus	10. Bangladesh

[4] Only comprehensive income tax treaties are included. [5] Swiss case law assumes that every double tax treaty includes at least an implicit anti-avoidance reservation, irrespective of whether or not an explicit clause has been included.

Spain	Switzerland	United Kingdom
11. **Belgium**	11. Belgium*	11. **Barbados**
12. Bolivia	12. Brazil*	12. Belarus*
13. **Bosnia and Herzegovina**	13. Bulgaria*	13. **Belgium**
14. Brazil	14. Canada	14. **Belize**
15. **Bulgaria**	15. **Chile**	15. Bolivia*
16. Cabo Verde	16. China (People's Rep.)*	16. **Bosnia and Herzegovina**
17. **Canada**	17. Colombia*	17. Botswana
18. **Chile**	18. Croatia	18. Brunei
19. China (People's Rep.)	19. Cyprus*	19. **Bulgaria**
20. **Colombia**	20. **Czech Republic**	20. **Canada**
21. **Costa Rica**	21. Denmark	21. **Chile**
22. **Croatia**	22. Ecuador	22. **China (People's Rep.)**
23. Cuba	23. Egypt	23. Colombia*
24. **Cyprus**	24. Estonia*	24. **Croatia**
25. **Czech Republic**	25. Ethiopia*	25. Cyprus*
26. Dominican Republic	26. Finland	26. **Czech Republic**
27. East Timor	27. France*	27. **Denmark**
28. Ecuador	28. Georgia	28. **Egypt**
29. **Egypt**	29. Germany*	29. **Estonia**
30. El Salvador	30. Ghana	30. Ethiopia
31. **Estonia**	31. Greece	31. Falkland Islands
32. **Finland**	32. Hong Kong*	32. Faroe Islands
33. **France**	33. Hungary*	33. **Fiji**
34. **Georgia**	34. **Iceland**	34. **Finland**

Spain	Switzerland	United Kingdom
35. **Germany**	35. India*	35. **France**
36. **Greece**	36. Indonesia	36. Gambia
37. **Hong Kong**	37. Iran*	37. **Georgia**
38. **Hungary**	38. Ireland*	38. Germany*
39. **Iceland**	39. Israel	39. Ghana
40. **India**	40. **Italy**	40. Gibraltar*
41. **Indonesia**	41. Ivory Coast	41. **Greece**
42. Iran	42. Jamaica	42. Grenada
43. **Ireland**	43. Japan*	43. Guernsey*
44. **Israel**	44. Kazakhstan	44. Guyana
45. **Italy**	45. Korea (Rep.)*	45. **Hong Kong**
46. **Jamaica**	46. Kosovo*	46. **Hungary**
47. Japan	47. Kuwait	47. **Iceland**
48. **Kazakhstan**	48. Kyrgyzstan	48. **India**
49. **Korea (Rep.)**	49. Latvia*	49. **Indonesia**
50. **Kuwait**	50. Liechtenstein*	50. **Ireland**
51. Kyrgyzstan	51. **Lithuania**	51. Isle of Man*
52. **Latvia**	52. **Luxembourg**	52. Israel*
53. **Lithuania**	53. Malaysia	53. **Italy**
54. **Luxembourg**	54. Malta*	54. **Ivory Coast**
55. **Malaysia**	55. **Mexico**	55. **Jamaica**
56. **Malta**	56. Moldova	56. **Japan**
57. **Mexico**	57. Mongolia	57. Jersey*
58. Moldova	58. Montenegro	58. **Jordan**

Spain	Switzerland	United Kingdom
59. **Morocco**	59. Morocco*	59. **Kazakhstan**
60. Netherlands	60. Netherlands*	60. **Kenya**
61. **New Zealand**	61. New Zealand*	61. Kiribati
62. **Nigeria**	62. North Macedonia	62. **Korea (Rep.)**
63. **North Macedonia**	63. Norway*	63. Kosovo
64. Norway	64. Oman*	64. **Kuwait**
65. **Oman**	65. Pakistan*	65. Kyrgyzstan
66. **Pakistan**	66. Peru*	66. **Latvia**
67. **Panama**	67. Philippines	67. **Lesotho**
68. Philippines	68. Poland	68. Libya
69. **Poland**	69. **Portugal**	69. **Liechtenstein**
70. **Portugal**	70. Qatar*	70. **Lithuania**
71. **Qatar**	71. Romania	71. **Luxembourg**
72. **Romania**	72. Russia*	72. Malawi
73. **Russia**	73. Saudi Arabia*	73. **Malaysia**
74. **Saudi Arabia**	74. Serbia	74. **Malta**
75. **Senegal**	75. Singapore	75. **Mauritius**
76. **Serbia**	76. Slovakia	76. **Mexico**
77. **Singapore**	77. Slovenia*	77. Moldova
78. **Slovak Republic**	78. **South Africa**	78. **Mongolia**
79. **Slovenia**	79. Spain*	79. Montenegro
80. **South Africa**	80. Sri Lanka	80. Montserrat
81. Sweden	81. Sweden*	81. **Morocco**
82. Switzerland	82. Taiwan	82. Myanmar

Spain	Switzerland	United Kingdom
83. Tajikistan	83. Tajikistan	83. **Namibia**
84. **Thailand**	84. Thailand	84. **Netherlands**
85. Trinidad and Tobago	85. Trinidad and Tobago	85. **New Zealand**
86. **Tunisia**	86. Tunisia	86. **Nigeria**
87. **Turkey**	87. **Turkey**	87. **North Macedonia**
88. Turkmenistan	88. Turkmenistan	88. **Norway**
89. Ukraine	89. Ukraine*	89. **Oman**
90. **United Arab Emirates**	90. United Arab Emirates*	90. **Pakistan**
91. **United Kingdom**	91. United Kingdom*	91. **Panama**
92. United States	92. United States*	92. **Papua New Guinea**
93. **Uruguay**	93. Uruguay	93. Philippines
94. Uzbekistan	94. Uzbekistan	94. **Poland**
95. Venezuela	95. Venezuela	95. **Portugal**
96. **Vietnam**	96. Vietnam	96. **Qatar**
	97. Zambia*	97. **Romania**
		98. **Russia**
		99. San Marino*
		100. **Saudi Arabia**
		101. **Senegal**
		102. **Serbia**
		103. Sierra Leone
		104. **Singapore**
		105. **Slovakia**
		106. **Slovenia**

Spain	Switzerland	United Kingdom
		107. Solomon Islands 108. **South Africa** 109. **Spain** 110. Sri Lanka 111. St. Kitts and Nevis 112. Sudan 113. **Swaziland** 114. **Sweden** 115. Switzerland* 116. Taiwan* 117. Tajikistan 118. **Thailand** 119. Trinidad and Tobago 120. **Tunisia** 121. **Turkey** 122. Turkmenistan 123. Tuvalu 124. Uganda 125. **Ukraine** 126. **United Arab Emirates** 127. United States 128. **Uruguay** 129. Uzbekistan* 130. Venezuela

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		131. **Vietnam** 132. Zambia 133. Zimbabwe

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