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Selected Holding Company Regimes 2018

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	Austria	Belgium	France	Germany	Italy	Luxembourg	Netherlands	Spain	Switzerland	UK	USA
General corporate income tax rate (incl. surcharges)	25%	29.58% until 2019; 25% thereafter	28 - 33.33% (25% as from 2022)	28 - 33%	24%	26.01%	25% (20% up to EUR 200k)	25%	11.2 - 24.4% (federal, cantonal, communal)	19% until 2020; 17% thereafter	21%; state & local income taxes may also apply (0 - 12%)
Treatment of dividends											
Domestic shareholdings	Exempt	Exempt	95% exempt (unless tax-saving scheme)	95% exempt	95% exempt	Exempt	Exempt	Exempt	Exempt	Exempt	Dividend received deduction (DRD)
- minimum holding percentage	-	10% or ≥ EUR 2.5m	5%	10% corporate tax / 15% trade tax	-	10% or ≥ EUR 1.2m	5%	5% or > EUR 20m	10% or ≥ CHF 1m	-	≥ 80% vote and value (100% DRD); ≥ 20% (65% DRD); < 20% (50% DRD)
- minimum holding period	-	1 year	2 years	-	-	1 year	-	1 year	-	-	> 45 days (longer for preferred stock)
Foreign shareholdings	Exempt (EU corporations and comparable corporations with legal seat in a state with which a comprehensive administrative assistance exists)	Exempt	95% exempt (unless tax-saving scheme); 99% exempt for subsidiaries with legal seat in the EU or EEA, if ≥ 95% French share holding (unless tax-saving scheme)	95% exempt	95% exempt. Fully taxable if the distributing company is resident in a low tax jurisdiction. Fully taxable if the shareholding in the distributing company is indirectly held through another company resident in a non-low tax jurisdiction. 50% taxable if economic activity is carried out in the low tax jurisdiction plus 50% credit for income tax paid by foreign subsidiary	Exempt	Exempt	Exempt	Exempt	Exempt	Generally exempt, but CFC and GILTI rules may create a current inclusion. Hybrid dividends (deductible in payor's jurisdiction) and certain other dividends subject to special rules are also not exempt
- minimum holding percentage	-	10% or ≥ EUR 2.5m	5%	10% corporate tax / 15% trade tax	-	10% or ≥ EUR 1.2m	5%	5% or > EUR 20m	10% or ≥ CHF 1m	-	10%
- minimum holding period	-	1 year	2 years	-	-	1 year	-	1 year	-	-	1 year
Treatment of capital gains											
Domestic shareholdings	Taxable	Exempt	88% exempt (if the subsidiary is not predominantly invested in real estate)	95% exempt	95% exempt. Fully taxable if the shares sold belong to a real estate company	Exempt	Exempt	Exempt	Exempt	Exempt	Generally taxable
- minimum holding percentage	-	10% or ≥ EUR 2.5m	5% (including voting rights) or participating shares	-	-	10% or ≥ EUR 6m	5%	5% or > EUR 20m	Disposal of ≥ 10%	10%	-
- minimum holding period	-	1 year, if not taxable at ≥ 25.5% (25% as from 2020)	2 years	-	12 - 13 months	1 year	-	1 year	1 year	1 year	-
Foreign shareholdings	Exempt (EU corporations and comparable non-EU corporations)	Exempt	88% exempt (if the subsidiary is not predominantly invested in real estate)	95% exempt	95% exempt. Fully taxable if the shares sold belong to a company resident in a low tax jurisdiction or to a real estate company	Exempt	Exempt	Exempt	Exempt	Exempt	Generally taxable but, in the case of CFCs, gain may be recharacterised as dividend income to U.S. parent (which may be exempt)
- minimum holding percentage	10%	10% or ≥ EUR 2.5m	5% (including voting rights) or participating shares	-	-	10% or ≥ EUR 6m	5%	5% or > EUR 20m	Disposal of ≥ 10%	10%	-
- minimum holding period	1 year	1 year, if not taxable at ≥ 25.5% (25% as from 2020)	2 years	-	12 - 13 months	1 year	-	1 year	1 year	1 year	-
WHT on qualifying dividends											
Domestic law	27.5%; exempt if ≥ 10% shareholding and holding period ≥ 1 year	30%; exempt if ≥ 10% shareholding and holding period ≥ 1 year	30%; 75% if paid into a non-cooperative state or territory	26.375%	26%; 1.2% if shareholder is a EU or EEA company liable to corporate tax	15%; nil if ≥ 10% shareholding or ≥ EUR 1.2m and ≥ 1 year holding period and distributed to e.g. (i) a fully taxable Luxembourg company, (ii) an EU parent company (provided GAAR is not applicable), (iii) Swiss company being effectively subject to tax in Switzerland without benefiting from an exemption or (iv) a company resident in treaty country is subject to a tax comparable to Luxembourg corporate tax	15%; exempt if the distribution is made to (i) a resident company that owns ≥ 5% of the total paid-up capital of the distributing company, (ii) a company that applies the fiscal unity regime including the distributing company (iii) a shareholder resident in the EU or EEA that holds a qualifying stake of ≥ 5%, or (iv) a shareholder resident in a treaty country that holds a qualifying stake of ≥ 5% and anti-abuse provision does not apply	Nil	35%	Nil	30%
To EU parent company	27.5%; exempt if ≥ 10% shareholding and holding period ≥ 1 year	30%; exempt if ≥ 10% shareholding and holding period ≥ 1 year	Nil	Nil	1.2%; nil if shareholding ≥ 20% and holding period ≥ 1 year	Nil if ≥ 10% shareholding or ≥ EUR 1.2m and ≥ 1 year holding period	Nil, see above	Nil; strong anti-abuse clause	Nil	Nil	5% if ≥ 10% owned; in some treaties, nil if ≥ 80% of votes plus other requirements
To U.S. parent company	5%	5% or nil if ≥ 10% shareholding for ≥ 1 year and LoB provision met	5% or nil if ≥ 80% of votes for ≥ 1 year and LoB provison met	5% or nil if ≥ 80% of votes for ≥ 1 year and LoB provison met	5% if > 50% owned by vote for ≥ 1 year	Nil if U.S. parent meets condition (iv) of the WHT exemption as well as holding period and threshold. Treaty provides 5% if ≥ 10% of votes and LoB provision met	Nil, if qualifying shareholding and the anti-abuse provision does not apply. Treaty provides 5%; nil if ≥ 80% of votes for ≥ 1 year and LoB provison met	10% (new protocol with 5% / nil not yet in force)	5%	Nil	Nil
Deductibility of capital losses											
Domestic shareholdings	Deductible (over 7 years); not deductible within a tax group	Not deductible, except for liquidation losses	Not deductible, unless subsidiary is predominantly invested in real estate or holding not participating shares and < 5% or < 2 years	Not deductible	Not deductible, unless holding period < 1 year or target is a real estate company	Deductible	Not deductible, unless liquidation	Losses on shares qualifying for participation exemption are not deductible, except in the event of liquidation of subsidiary, unless within a restructuring process. However, losses deriving from liquidation of 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 participation exemption or tax credit regime. Subject to certain conditions, losses on shares not qualifying for the participation exemption may be deductible.	Deductible	Not deductible	Generally deductible; special rules apply if subsidiary was consolidated group member
Foreign shareholdings	Not deductible, unless the taxpayer opts for the capital gains or losses being taxable upon acquisition of the participation, then over 7 years	Not deductible, except for liquidation losses	Not deductible, unless subsidiary is predominantly invested in real estate or holding not participating shares and < 5% or < 2 years	Not deductible	Not deductible, unless holding period < 1 year or target is a real estate company	Deductible	Not deductible, unless liquidation		Deductible	Not deductible	Generally deductible but, in some cases, treated as foreign source deduction
Write down of participation											
Domestic shareholdings	Deductible over 7 years, not deductible within a tax group	Not deductible	Not deductible, unless subsidiary is predominantly invested in real estate or holding not participating shares and < 5%	Not deductible	Not deductible	Deductible, subject to recapture	Not deductible	Not deductible	Deductible, subject to recapture	Not deductible	Not deductible
Foreign shareholdings	Not deductible (generally), unless the taxpayer opts for the capital gains or losses being taxable upon acquisition of the participation, then over 7 years	Not deductible	Not deductible, unless subsidiary is predominantly invested in real estate or holding not participating shares and < 5%	Not deductible	Not deductible	Deductible, subject to recapture	Not deductible	Not deductible	Deductible, subject to recapture	Not deductible	Not deductible

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Capital duty											
Cash contributions	Nil	Nil	Nil	Nil	EUR 200 fixed registration tax	Nil (EUR 75 fixed duty)	Nil	Nil	1%	Nil	Nil
Contributions of shares in a foreign subsidiary	Nil	Nil	Nil (generally)	Nil	Nil	Nil (EUR 75 fixed duty)	Nil	Nil	Nil if reorganisation	Nil	Nil
Deductibility of interest expenses											
Interest linked to foreign shareholdings	Deductible under certain conditions if no low taxation in the state of residence of the recipient - see below	Deductible	Deductible if shareholdings are managed from EU	Deductible	Deductible under the ordinary interest barrier rule	Arm's length interest expenses in excess of the amount of tax exempt income in the same year is deductible but subject to recapture (i.e., when the participation is sold at a capital gain in a future year, the amount of the capital gain will be taxable up to the amount that is subject to recapture)	Deductible, provided that a loan should not be recharacterised into equity which depends on the intentions of the parties involved and the specific loan conditions. However, the deduction of interest paid under a loan may be limited under (i) anti-base erosion rules (10a) (ii) anti-arbitrage clause (10b) (iii) denial for excess debt related to participations (formula), unless operational expansion (13l; also applies to third party debt) and (iv) debt cap for consolidated / merged targets (15ad; see below; also applies to third party debt)	Yes; in intragroup reorganisations only deductible if sound business reasons	Deductible	Deductible	Deductible; benefit of deductions may be reduced by reductions in foreign tax credits
Interest barrier rule											
- related party debt	No statutory rules, rather general principles (arm's length standard, anti-abuse)	Yes	Yes	Yes	Yes	Foreseen under EU ATAD (pending - Bill of law 7318 of June 19, 2018)	No	Yes	No	Yes	Yes
	Limitations, if interest income is not taxed at a level of ≥ 10% abroad					-	-		-		
- third party debt	-	Net interest expense deductible up to 30% of tax EBITDA; up to EUR 3m de-minimis; exceeding net interest expense can be carried forward	If net interest expense > EUR 3m, only 75% of the expense is deductible	Net interest expense deductible up to 30% of tax EBITDA; up to EUR 3m de-minimis and escape clause based on equity ratio (not lower than 2% of the group's equity ratio); exceeding net interest expense can be carried forward; trade tax deduction of gross interest expense 75%	Net interest expense deductible up to 30% of tax EBITDA; exceeding net interest expense can be carried forward	-	-	30% EBITDA; anti-hybrid rules	-	Barrier of 30% of tax EBITDA or external debt costs for certain groups subject to cap based on net finance costs; optional group ratio subject to similar cap. Exeptions: De minimis rule (group interest cost GBP > 2m) and public infrastructure exemption	30% of adjusted taxable income, which generally corresponds to EBITDA. Starting in 2022, adjusted taxabile income will change to EBIT
Note: interest barrier rule to be introduced within the EU under Anti-Tax Avoidance Directive (ATAD) by December 31, 2018											
Debt-to-equity limitations / other limitations											
	No statutory rules, rather general principles (arm's length standard, anti-abuse)	No general rules	Yes	-	No	Yes	In practice debt / equity ratio of 85:15 applies to holding activities	No	Yes	Yes, (i) transfer pricing / thin cap (ii) worldwide debt cap (iii) anti-arbitrage rules (iv) distribution rules (v) unallowable purpose and (vi) anti-hybrid rules	No, but case law (examining a multitude of factors) can recharacterise debt as equity, eliminating the interest deduction and possibly imposing dividend withholding tax. Also, regulations could cause related party debt to be treated as equity if (i) documentation requirements (which may be repealed in the near future) are not satisfied or (ii) subject to exceptions, the debt is viewed as having funded a distribution.
- related party debt	No statutory rules, in practice 3:1 to 4:1 (taking into account third party debt)	5:1	1.5:1 or 25% of operating income before tax and amortisation or if interest income received exceed interest paid. Interest paid under loans granted by "related parties" are not deductible, if they are not subject (for the lender) to corporate tax rate ≥ 25% of French corporate tax rate	-	-	Arm's length requirement for the level of interest charged. Debt-to-equity ratio of 85:15 upheld in practice in respect of Luxembourg resident holding companies owning participations qualifying for the participation exemption regime	Arm's length requirement for interest payable on loans between related parties; in case of back-to-back finance activities the holding company should be actually exposed to minimum risks (equity should cover ≥ 1% of the loans outstanding or EUR 2m)	-	-	-	Base erosion payment for the BEAT tax (a 10% minimum tax on adjusted taxable income without deductions for otherwise-deductible expenses paid to related parties or tax credits; BEAT rate increases to 12.5% in 2025 and is 1% higher for financial institutions)
- third party debt	-	5:1 if located in a tax haven	No, unless third party debt is guaranteed by related parties	-	-	No, unless shareholder guarantee	As stated above: 13l and 15ad	-	≤ 70% debt along with maximum interest rate	-	-
Cross-border consolidation											
	Yes with subsidiaries in EU member states and non-EU states with comprehensive administrative assistance	No	No	No	Yes, but very rarely used	No	No, but a PE can be included in a Dutch fiscal unity	No	No	No	No
WHT to interest payments											
To EU parent company	Nil	Nil	Nil	Nil	Nil if shareholding ≥ 25% and holding period ≥ 1 year	Nil	Nil	Nil	Nil	Nil	30% withholding tax subject to treaty relief - generally nil
To U.S. parent company	Nil	15% or nil (+ some exemptions based on specific domestic legislation)	Nil	Nil if plain vanilla loan	10%	Nil	Nil	10%	Nil	Nil	Nil
Double tax treaties (DTT)											
	89	95	over 120	96	96	81	over 120	over 90	103	130	over 60
CFC / Subpart F provisions											
Note: CFC legislation to be introduced within the EU under Anti-Tax Avoidance Directive (ATAD) by December 31, 2018	No	Yes	Yes	Yes	Yes	No, but subject-to-tax test for non-EU participations	No, but for low-taxed passive subsidiary (i) no participation exemption and (ii) possibly annual taxable revaluation	Yes; no if active EU subsidiary and sound business reasons for incorporation	No	Yes	Yes; GILTI can also create inclusions for active business income

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