

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	<a href="http://www.matheson.com">www.matheson.com</a>
Spain	Cuatrecasas	<a href="http://www.cuatrecasas.com">www.cuatrecasas.com</a>
United Kingdom	Skadden	<a href="http://www.skadden.com">www.skadden.com</a>

## 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**)<sup>1</sup>.

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.

<sup>1</sup> 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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