

## Case Study I:

# Regional Holding Structures and Taxation issues

## Modul 2

### Facts:

**Consumer Goods** Group is a listed company with Group Holding/Headquarter domiciled in USA. Consumer Goods Group has business activities in most markets and operates in those markets by a number of legal entities per country.

For management, finance and tax reasons regional holdings are used within the Consumer Goods Group. For Europe, two regional holdings are set up: One in the Netherlands for Central Europe and one in Austria for Eastern Europe. Both holdings did acquire the ownership of its underlying entities (subs) from the parent or did set up such entities (subs) on its own. In both cases, financing was used from the Groups Treasury Center in the Netherlands.

You are asked to comment on tax issues related to the use of such holdings.

### The questions:

1. Please describe the key elements of the holding taxation in the Netherlands and Austria by way of a comparison table.  
Please deal with the following issues:
  - In and out flowing dividends (incl. withholding taxes)
  - Capital gains on shareholdings
  - Deductibility of interest on financing loans

- Deductibility of management and admin costs
  - Deductibility of a depreciation on participations (Beteiligungsabschreibung)
  - Access to cross border Group taxation
  - Access to EU tax law (e.g. Parent-Subsidiary directive)
2. What limitations do exist for the interest deductions in the Austrian Holding, assuming the financing was taken to acquire the shareholdings and the interest is paid to a lender being taxed fewer than 10%?
3. As the holdings incur management and admin costs, which is not tax efficient, what options do exist to get at least partly a tax efficient charge out?

### Literature:

- Skript Modul 2
- **Petriz/Plott**, Konzernsteuerrecht, neueste Ausgabe, besonders Kap B und G
- **Gerritsen/Kuipers**, Netherlands, the Advantage of a Dutch Holding company in International Tax Review, 2012