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By PwC Deutschland | 27 February 2018

Compatibility of Dutch group taxation regime with EU fundamental freedom of establishment

The European Court of Justice issued a joint judgment in two cases regarding the Dutch group taxation regime under which a parent company is not allowed to deduct interest in respect of a loan taken from a Swedish related company in order to finance its capital contribution to an Italian subsidiary. This is held to be in conflict with the EU freedom of establishment. On the other hand, the refusal to deduct currency losses resulting from fluctuations in the exchange rate is viewed by the court as being not in violation of EU-law.

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In its joint judgment the European Court of Justice followed the conclusions of the Advocate General in his opinion of 25 October 2017. More detailed information on this subject can be found in our *EU Direct Tax Newsalert* from 23 February 2018.

PwC EUDTG Newsalert - 23 February 2018 (CJEU judgment on compatibility of Dutch group taxation regime with EU fundamental fr

Keywords

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