

Public consultation on additional dividend stripping measures

The Dutch Ministry of Finance has launched an internet consultation on additional measures against dividend stripping. The [consultation document](#) (only available in Dutch) presents four potential measures to the public: the net return approach, the German-Austrian measure, the pension fund measure and the group measure. The net return approach and the German-Austrian measure are generic anti-dividend stripping measures. The pension fund measure and the group measure are aimed at specific cases and elements of dividend stripping. The consultation closes on May 28, 2026. In this newsletter we discuss the proposed measures.

The net return approach

A key element of dividend stripping is that the return on shares does not, or only to a very limited extent, end up at the actual recipient of a dividend. In dividend stripping transactions, the actual beneficial interest in the shares belongs to another party, while the actual recipient essentially only receives payment for the envisaged refund or crediting of dividend withholding tax. The net return approach focuses on this hallmark. Importantly, the net return approach only applies to shares traded on the stock exchange, because dividend stripping occurs almost exclusively with traded shares.

In essence, the net return approach works in such a way that, for publicly traded shares, there is, in principle, no entitlement to a credit, exemption, or refund of dividend withholding tax if the following three conditions are met concurrently:

- I. The dividend distribution exceeds an efficiency threshold. The threshold – that has yet to be determined – is assessed for each dividend distribution separately and from the perspective of the taxpayer or the beneficiary entitled to the income. Please note that Germany and Austria have an efficiency threshold of EUR 20,000, and the EU FASTER Directive, which must take effect as of 2030, has a threshold of EUR 100,000.
- II. Through an integrated set of transactions, the price risk on the shares is entirely or almost entirely (90% of more) hedged. One example referred to is the purchase of shares in combination with a derivative contract in which the dividend is factored into the pricing.
- III. As a result of the integrated set of transactions used to hedge the price risk, the net return on the dividend at the actual recipient is less than 15% of the gross dividend. Therefore, the return must, in effect, be higher than the dividend withholding tax on the dividends. In other words: the costs of the integrated set of transactions used to hedge the price risk is more than 85% of the dividend.

Financial services providers holding shares for the purposes of an immediate sale to third parties, such as market makers and (undertakings of) banks, are exempt from the measure. However, this does not apply to 'surplus listed shares' held by them. Shares are 'surplus' insofar as the number of shares in a listed company on the registration date exceeds 10% of the average equity position in that same listed company in the preceding 364 days.

From an evidentiary standpoint, the measure is structured in such a way that the tax inspector must convincingly demonstrate that this concerns (i) listed shares and (ii) the

costs of the integrated set of transactions used to hedge the price risk are higher than 85% of the dividend. If the tax inspector is successful in this, it is up to the taxpayer to convincingly demonstrate that (i) the threshold amount will not be reached, or (ii) the integrated set of transactions will not result in the real changes in value of the shares not impacting them entirely or almost entirely (for 90% or more). On the other hand, the consultation document also asks for input on an alternative allocation of the burden of proof, where the taxpayer is obliged to provide facts and keep proof in their accounts to support those facts.

The German-Austrian measure

Under the German-Austrian measure, a taxpayer or a beneficiary to the income is only entitled to a credit, exemption or refund of dividend withholding tax if sufficient economic interest in the underlying shares is maintained for a continuous period of 45 days around the registration date. Sufficient economic interest exists if a decrease in the value of the shares impacts the taxpayer/beneficiary entitled to the income by at least 70% (either alone or together with related entities or natural persons). The German-Austrian measure also only applies to shares that are traded on the stock exchange.

Just as under the net return approach, the measure will not apply if the income received falls under a (still to be determined) efficiency threshold. The threshold is assessed for each dividend distribution separately and from the perspective of the taxpayer or the beneficiary entitled to the income. The measure also does not apply to certain financial services providers, for example market makers, if and insofar as they receive the income as part of the normal business operations of the taxpayer (see the net return approach). The burden of proof for this measure lies, in principle, with the tax inspector.

The pension fund measure

Specifically with regard to pension funds, there is usually an entitlement to an exemption or refund of dividend withholding tax. This entitlement could be used for dividend stripping transactions. The pension fund measure means that a pension fund will be denied an entitlement to an exemption or refund of dividend withholding tax if a dividend is attributable to a business activity other than the investment of contributed pension funds.

The assessment of whether there is a business activity other than the investment of contributed pension funds is not based on strict conditions and will therefore have to be assessed on a case-by-case basis based on the facts and circumstances. In abstract terms it is noted that it will have to be examined whether the pension fund maintains a shareholding because of the intrinsic value of the investment itself (to cover the pension commitments). In those cases, the measure will not apply. This is set against cases where the shares are only used as a resource for a different strategy, whereby the earnings model is not (primarily) based on the intrinsic value of the investment itself. This indicates that there is a business activity other than the investment of contributed pension funds.

Other indications of a business activity other than the investment of contributed pension funds are: debt-financing of the share position, hedging price risks, running extremely high risks and briefly holding shares around the registration date. It is presumed that pension funds usually invest with a view to long-term returns, as a result of which briefly holding the shares (around the registration date) may indicate such other business activity. The burden of proof for this measure lies in first instance with the tax inspector, and this measure also provides for a (yet to be determined) efficiency threshold.

The group measure

The current Dutch dividend stripping measures list specific factors based on which there will, in any case, be dividend stripping and as a result of which the taxpayer is not entitled to a credit, exemption or refund of dividend withholding tax. Groups of related entities or natural persons may try to cut up the elements of a dividend stripping transaction such that not all the legally described factors seem to apply.

The group measure focuses on the spreading of dividend stripping elements among a group and concealment beyond national borders. The current legislation is already used to tackle such cut-up structures. The measure included in the consultation document makes it even more explicit that these are cut-up structures that fall under the scope of the legal provision stipulating when someone, in any case, does not qualify as the ultimate beneficial owner of the dividend.

KPMG Meijburg & Co comments

The four measures included in the consultation document are a consequence of an [internet consultation held in December 2021](#), and a follow-up to the [letter sent to the Lower House of the Dutch Parliament](#) (only available in Dutch) dated 27 June 2025, referring to these potential measures. Please note that, since the previous consultation in 2021, the government has not sat still. As of January 1, 2024, changes were introduced to the current measures in order to further strengthen the tackling of dividend stripping. These changes included amending the allocation of the burden of proof and elaborating on the term 'an integrated set of transactions', in order to avoid interests within a group being split up.

The measures that have now been launched for consultation are intended to strengthen the tackling of dividend stripping even more, on top of the existing dividend stripping measure. Both the net return approach and the German-Austrian measure are generic, but are especially technical measures that align with the essential features of dividend stripping transactions. This is a different approach than the current dividend stripping measures, which mainly describe transactions based on which – if taken together – it can be concluded that there is dividend stripping. Instead, the two measures in the consultation document look at the economic effect of the transaction at the taxpayer. By contrast, the efficiency threshold and an exemption for certain financial institutions have to ensure that, in practice, there is no impact on unintended situations. The

objective of the consultation is to ensure that daily trading on stock exchanges and bona fide parties are hindered as little as possible by the measures.

The pension fund measure, on the other hand, is a targeted measure relating to a specific category of taxpayers where dividend stripping may possibly play a role. The group measure is not a new separate measure, but a tightening of the current legislative text.

If you would like to know more, feel free to contact us or your usual Meijburg tax advisor.

KPMG Meijburg & Co
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