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POSITION PAPER

DATE: 27-7-2026
SUBJECT: Tax Omnibus

Dutch pension funds support the Tax Omnibus

The Dutch Federation of Pension Funds represents €1.7 trillion in retirement savings on behalf of 10 million people. As major long-term investors in European capital markets, Dutch pension funds have a direct interest in removing tax and administrative barriers to cross-border investment. We therefore support the Tax Omnibus proposal, while drawing attention to the timing of implementation.

LEVELING THE PLAYING FIELD FOR QUALIFYING PENSION FUNDS IN THE EU CAPITAL MARKET

On June 24, 2026, the Commission released its proposal for a Tax Omnibus Directive. The proposal includes, among other measures, amendments to the EU Parent-Subsidiary Directive ("PSD"). In summary, the proposed changes would extend the PSD dividend withholding tax exemption to qualifying pension institutions, remove the shareholding threshold for parent-subsidiary cases, and prohibit Member States from requiring prior authorization or administrative procedures to verify eligibility for the exemption at the time of payment, while preserving ex post controls and anti-abuse rules.

Currently, when a pension fund receives dividends from a company established in another EU Member State, the source Member State often levies withholding tax as a starting point. To reduce that burden, pension funds face a patchwork of approaches across the EU. In some Member States, domestic exemptions are available; in others, pension funds must rely on treaty-based reduced rates. These reductions are sometimes applied through relief-at-source mechanisms, but in many cases pension funds must use refund procedures, often involving documentation-heavy custodian processes. In some Member States, pension funds also need to pursue discrimination claims based on the free movement principles in the EU Treaties. The Tax Omnibus proposal would address these problems.

If adopted, the PSD amendment should mean that a qualifying EU pension institution receiving dividends from EU companies can claim a full withholding tax exemption under the PSD, rather than merely a reduced treaty rate. This would be a major step toward a level playing field within the EU capital market. In addition, the amendment to the FASTER Directive means qualifying EU pension institutions are assured of fast-track withholding tax procedures. We strongly support this change and commend the Commission for taking it forward. It would be helpful if investment funds with pension institutions as the only investors would also qualify.

ONE ISSUE THAT STILL NEEDS TO BE FIXED: TIMING

The proposed PSD extension for qualifying pension funds and the related PSD procedural amendments appear to be deferred until January 1, 2037. Given the geopolitical challenges facing the EU, the urgent need to mobilize long-term capital, and the important role that pension funds can play in financing European growth and strategic priorities, this timing is too late. We call on the Commission and the Council to ensure that these aspects of the Directive apply no later than January 1, 2030, in line with the application date of the FASTER Directive.

This would ensure that the legal entitlement established by the Tax Omnibus proposal translates into a genuine and workable exemption for pension funds investing across EU borders. That outcome would be fully aligned with the Commission's objective of simplifying withholding tax procedures, reducing administrative burdens, and supporting deeper and more efficient EU capital markets.