His Excellency Mr. Charles Michel, Prime Minister of Belgium
His Excellency Mr. Johan Van Overtveldt, Minister of Finance
His Excellency Mr. Alexander De Croo, Deputy Prime Minister
His Excellency Mr. Kris Peeters, Deputy Prime Minister
His Excellency Mr. Didier Reynders, Deputy Prime Minister
His Excellency Mr. Jan Jambon, Deputy Prime Minister

His Excellency Mr. Mark Rutte, Prime Minister of the Netherlands
His Excellency Mr. Jeroen Dijsselbloem, Minister of Finance
His Excellency Mr. Eric Wiebes, Secretary of Finance
His Excellency Mr. Henk Kamp, Minister of Economic Affairs

His Excellency Mr. Xavier Bettel, Prime Minister of Luxembourg
His Excellency Mr. Pierre Gramegna, Minister of Finance
His Excellency Mr. Etienne Schneider, Minister of the Economy

Brussels / Amsterdam / Luxembourg, 22 March 2016

Impact of European Commission's Anti Tax Avoidance Package on BeNeLux Economy

Your Excellencies,

Foreign direct investment ("FDI") plays a critical role in job creation and drives economic growth, innovation and prosperity in the BeNeLux region. FDI underwrites the tax revenues that provide our public services. The American Chambers of Commerce in Belgium, the Netherlands and Luxembourg ("BeNeLux AmChams") seek to foster US source FDI in their home countries.

The BeNeLux AmChams support cooperation on a more international level (OECD, G20) to help create a level playing field to attack aggressive tax avoidance and tax fraud. However, we are concerned that the European Commission's proposed Anti Tax Avoidance Package ("the Package") and in particular the Anti Tax Avoidance Directive ("ATAD") component of the Package go far beyond the internationally agreed OECD BEPS standards. This will harm FDI into the EU, and this will have a disproportionately large negative impact on the economies of the BeNeLux countries.

Of the six ATAD proposals, three are completely new measures which the OECD BEPS Project did not consider to be necessary (Exit Taxation, Switch-over Clause, and General Anti-Abuse Rule). It follows that there is no expectation that international competitors for FDI outside the EU will enact these three ATAD proposals, resulting in a comparative disadvantage and non-level playing field for those countries that are in the EU. For the BeNeLux countries with their open economies, this disadvantage is disproportionally large.

Introducing measures that are not part of the BEPS Recommendations will hand competitive advantage to non-EU countries that compete for FDI. The recent developments in Hong Kong in regards of a special tax regime for treasury management, and the notional interest deduction in Switzerland accepted by parliament only last week, are clear indicators for the future direction of FDI. We are thus concerned that FDI into the EU shall decrease over time. Also, introducing measures that harmonize tax policy within the EU with the effect to eliminate the tax competiveness of (small) member states will be detrimental to the ability of the BeNeLux region to attract FDI, which going forward will leak to the large EU member states.

It is imperative that the BeNeLux countries continue to win competition for FDI with countries in and outside of the EU. Therefore, it is unacceptable to allow the construction of barriers that impede on the ability of our countries to compete. The ATAD proposals will curtail the ability to create jobs and grow the economies of the BeNeLux countries through FDI. Moreover, as is, we are concerned that these proposals will cause existing investments and activities in the BeNeLux to be restructured outside the region. Job loss at all levels of industry – from logistic operators in warehouse facilities through (young) professionals in our regions' financial services hubs is inevitable. Should these proposals be accepted, generous grandfathering rules are an absolute must to avoid an exodus of existing FDI and bridge the period required for implementing alternative competitive tax policy.

Impact Assessment is essential to understanding the impact on the BeNeLux economy

We expressed our concerns about the impact of the ATAD proposals on our economies. Given the broad nature of these proposals and their impact on our countries' ability to compete for FDI with countries in and outside the EU, we are very concerned by the fact that the European Commission has not undertaken public consultation or an impact assessment on the proposals. We believe the interests of smaller, open economies like those of the BeNeLux countries are currently not adequately considered by the European Commission.

The risk of job loss and foregoing future growth opportunity is too significant to succumb to the pressure of the European Commission's ambitious timeline. We urge, at the very least, that the BeNeLux countries undertake their own (collective) impact assessment to identify the potential negative impact of the ATAD proposals on FDI, employment and economy before deciding whether or not to cede their sovereignty on matters of direct taxation to the EU. This impact assessment should also consider the effects of CCCTB, which can be expected to curtail all remaining ability of the BeNeLux countries to use tax policy to attract FDI.

We are available to provide any further information that may assist you in this matter.

Yours sincerely,

Luc Dhont	Arjan van der Linde	Frank Muntendam
Chair, Tax Committee *AmCham Belgium*	*Chair, Tax Committee* *AmCham Netherlands*	*Chair, Tax Committee* *AmCham Luxembourg*