TAX NEWSLETTER 12/2020

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ATAD implementation
Interest limitation rule

Interest limitation

An interest surplus is only deductible to the extent of 30% of the tax EBITDA.

De minimis rule

Any interest surplus is, however, deductible up to an amount of 3 million euros per year (tax exemption).

Equity ratio - save habour rule

Any interest surplus is fully deductible if the corporation is fully included in the consolidated financial statements and the ratio between its equity and total assets (equity ratio) on reporting date is equal to or higher than 98% of the equity ratio of the group (equity ratio comparison).

Carry forward rules

Any excess interest that cannot be deducted in the current financial year is carried forward to subsequent financial years (interest carried forward) increasing the interest expenses in the following financial years, but not the tax EBITDA.

Insofar as the offset EBITDA exceeds the interest surplus in a financial year, this is carried forward to the following five financial years (EBITDA carryforward). Insofar as the interest surplus cannot be deducted in accordance with this provision, it can be deducted up to the amount of the EBITDA carryforwards from previous financial years. Priority should be given to the oldest EBITDA carry forwards.

Tax groups

In a tax group the interest limitation rule is only applied at the level of the group parent in the context of determining the combined result. A group tax exemption of EUR 3 million applies.

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We love to advise you!