

Forty Dutch multinationals embrace new Tax Governance Code

More than 40 major Dutch multinationals are embracing the new [Tax Governance Code](#), which the Confederation of Netherlands Industry and Employers (VNO-NCW) is presenting today. This concerns a large group of listed companies, including 20 of the 25 companies listed on the AEX. A few high-profile unlisted cooperatives and family businesses are also embracing the new code. The Tax Governance Code was announced as part of the new course that the employers organisation has set ([Doing business to create broad welfare](#)). More companies are expected to join the code in the near future.

Unique step in the world

Ingrid Thijssen, chair of the VNO-NCW: ‘These companies see tax as an important contribution to the societies that make their existence possible. The major advantage of this ambitious new code is that it will lead to much more transparency and accountability on their tax position. That includes for instance the tax incentives they use. Transparency is an indispensable condition for gaining and maintaining trust. Building trust is essential as companies play a crucial role in the economy and in solving the major issues we are facing as a society. Transparency about the tax position of companies also helps to build trust in the tax system. This is important to help avoid polarization. From an international perspective, we are really leading the way with this code, and this group of companies is taking a huge step forwards, which I am proud of.’

A code in line with international trends

The new code was drawn up in consultation with companies representing a large proportion of Dutch listed companies. Input from the trade union movement, NGOs, tax experts and academics was used in the process. Existing initiatives, like the *B-Team Responsible Tax Principles* and the *Global Reporting Initiative*, were used as the basic minimum when setting up the code. That said, the code is much more ambitious, particularly when it comes to shedding light on tax payments on a country-by-country basis. But also on the use of *tax incentives* and that the company do not use so-called *tax havens* to avoid paying tax.

The bar is high

‘We deliberately set the bar high. None of the participating companies fully meet all the requirements yet. By doing so, companies are challenging themselves to carry on improving’, Thijssen says. ‘Companies are taking their responsibility by being open about their tax position and payments. This transparency helps the debate on taxes and helps to build trust in the tax system.’

The elements of the code

1. The company will publish a clear tax strategy and principles. Taxes are a contribution to society and seen as a means for social economic cohesion, sustainable growth and long-term prosperity.
2. Tax is a core part of corporate social responsibility and governance is overseen by the board, including a tax control framework.
3. The company is committed to comply with the letter, the intent and the spirit of the local tax legislation and to pay the right amount of tax at the right time.
4. The company will only use business structures that are driven by commercial considerations, are aligned with business activity and have genuine substance and does not use so-called tax havens for tax avoidance.
5. Mutual respect, transparency and trust drive the company’s relationships with tax authorities and other relevant external stakeholders.

6. The company regularly provides information about its approach to tax and taxes paid such as information on corporate income tax, total tax borne and collected and information on material tax incentives.

Comply or explain

The code produces a clear and transparent system that guarantees supervision of tax policies and accountability. Just like the well-known corporate governance code, this code is based on the 'comply or explain' principle. This means that companies will need to explain why they do not or are not yet able to comply with elements of the code. This allows stakeholders to engage in dialogue with companies. By doing so journalists and other stakeholders gain a much better understanding of companies' tax positions and their contribution to the societies in which they operate.

Backgrounds:

- For questions from the press: Edwin van Scherrenburg, +31 (0)630417005 or scherrenburg@vnoncw-mkb.nl
- The Tax Governance Code and other information is available on <https://www.vnoncw.nl/taxgovernancecode>. Some of the participants and chairperson, Ingrid Thijssen, will present the code to State Secretary Van Rij this afternoon (18 May).
- Companies that endorse the code include: Philips, Corbion, Adyen, SHV, Aegon, Prosus, Jumbo Supermarkten, Ahold Delhaize, Randstad, Royal A-ware Food Group, Akzo Nobel, Shell, Faber Group, ASM International, Unilever, Rabobank, ASML, Wolters Kluwer, Achmea, a.s.r., ABN Amro, NXP, DSM, Fugro, BAM, Heineken, PostNL, Ordina, ING, TomTom, Arcadis, KPN, Van Lanschot Kempen, NN, Vopak and KLM.