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COMMISSION STAFF WORKING DOCUMENT

Analysis of the Draft Budgetary Plan of the Netherlands

Accompanying the document

COMMISSION OPINION

on the Draft Budgetary Plan of the Netherlands

{C(2018) 8025 final}

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COMMISSION OPINION

on the Draft Budgetary Plan of the Netherlands

1. INTRODUCTION

The Netherlands submitted its Draft Budgetary Plan for 2019 on 15 October 2018 in compliance with Regulation (EU) No 473/2013. The Netherlands is subject to the preventive arm of the Pact and should preserve a sound fiscal position which ensures compliance with the medium term budgetary objective (MTO). Section 2 of this document presents the macroeconomic outlook underlying the Draft Budgetary Plan and provides an assessment based on the Commission 2018 autumn forecast. Section 3 presents the recent and planned fiscal developments, according to the Draft Budgetary Plan, including an analysis of risks to their achievement based on the Commission 2018 autumn forecast. In particular, it also includes an assessment of the measures underpinning the Draft Budgetary Plan. Section 4 assesses the recent and planned fiscal developments in 2018-2019 (also taking into account the risks to their achievement) against the obligations stemming from the Stability and Growth Pact. Section 5 provides an analysis of implementation of fiscal-structural reforms in response to the latest country-specific recommendations in the context of the European Semester adopted by the Council in July 2018, including those to reduce the tax wedge. Section 6 summarises the main conclusions of the present document.

2. MACROECONOMIC DEVELOPMENTS UNDERLYING THE DRAFT BUDGETARY PLAN

Economic growth reached 2.9% in 2017 and is expected to continue at almost the same pace in 2018, before slowing down to 2.6% in 2019, according to the macro-economic scenario underlying the Draft Budgetary Plan. These growth projections are slightly below the outlook at the time of the Stability Programme.

In the Draft Budgetary Plan, growth is expected to be mainly driven by domestic demand, with private consumption increasing by 2.7% in 2018 and by 2.3% in 2019. Private consumption is supported by strong employment growth and accelerating real wage growth. Investment growth is projected to decelerate from 6.1% in 2017 to 5.1% and 4.3% in 2018 and 2019, respectively. While responsible for almost 1 percentage point of GDP growth in 2017, net exports are forecast to have a negligible contribution to economic growth in 2018 and 2019, reflecting the soft patch in world trade in the first half of 2018 and strong domestic demand driven growth.

The macroeconomic scenario underlying the Draft Budgetary Plan is broadly similar to the Commission forecast, as can be seen in Table 1. The Commission forecasts slightly higher consumption and investment growth in 2018. As this is partly offset by higher imports, overall GDP growth is similar. The economic outlook for 2019 is comparable, albeit that the Commission forecast expects slightly lower economic growth. Both the Commission and the Draft Budgetary Plan Programme forecast a decline of employment growth combined with an acceleration of wage growth in 2019.

The output gap, as recalculated by the Commission based on the information in the Draft Budgetary Plan, following the commonly agreed methodology, is projected to increase from 0.1% of potential GDP in 2017 to 1.1% in 2018 and 1.8% in 2019. The 2019 output gap estimate is slightly higher than the output gap of 1.6% of potential GDP in the Commission forecast. Overall, the Draft Budgetary Plan uses plausible macroeconomic assumptions.

Box 1: The macro economic forecast underpinning the budget in the Netherlands

The macroeconomic forecast underlying the draft budget for 2019 was produced by the Netherlands Bureau for Economic Policy Analysis (Centraal Planbureau, CPB).

The government traditionally uses the CPB's macroeconomic forecast to present the budgetary and economic effects of planned measures. This established practice has been formalised in 2013 by virtue of the Law on the Sustainability of Public Finances (*Wet houdbare overheidsfinanciën*, or *Wet HOF*).

Table 1. Comparison of macroeconomic developments and forecasts

	2017	2018			2019		
	COM	SP	DBP	COM	SP	DBP	COM
Real GDP (% change)	2.9	3.2	2.8	2.8	2.7	2.6	2.4
Private consumption (% change)	1.9	2.1	2.7	2.8	2.5	2.3	2.2
Gross fixed capital formation (% change)	6.1	5.8	5.1	5.4	4.1	4.3	3.8
Exports of goods and services (% change)	5.3	4.9	3.0	3.0	4.6	4.2	3.6
Imports of goods and services (% change)	4.9	5.1	3.3	3.4	5.2	4.8	4.1
<i>Contributions to real GDP growth:</i>							
- Final domestic demand	2.3	2.7	2.6	2.8	2.4	2.5	2.4
- Change in inventories	-0.3	0.0	-0.1	0.0	0.0	0.0	-0.1
- Net exports	0.9	0.4	0.1	0.0	0.1	0.0	0.1
Output gap ¹	0.1	1.1	1.0	1.0	1.7	1.8	1.6
Employment (% change)	2.2	1.9	2.0	2.1	1.3	1.4	1.2
Unemployment rate (%)	4.9	3.9	3.9	3.9	3.5	3.5	3.6
Labour productivity (% change)	0.6	1.3	0.7	0.7	1.4	1.1	0.9
HICP inflation (%)	1.3	1.6	1.6	1.6	2.3	2.5	2.5
GDP deflator (% change)	1.2	1.8	2.0	2.0	2.4	2.5	2.4
Comp. of employees (per head, % change)	1.1	2.9	2.9	2.4	3.9	3.9	3.1
Net lending/borrowing vis-à-vis the rest of the world (% of GDP)	10.4	9.4	10.1	9.8	9.2	9.9	9.2
Note: ¹ In percent of potential GDP, with potential GDP growth recalculated by Commission services on the basis of the programme scenario using the commonly agreed methodology. Source: <i>Stability Programme 2018 (SP); Draft Budgetary Plan for 2019 (DBP); Commission 2018 autumn forecast (COM); Commission calculations</i>							

3. RECENT AND PLANNED FISCAL DEVELOPMENTS

3.1. Deficit developments

The projected general government balance of the Draft Budgetary Plan shows a surplus of 0.8% of GDP in 2018. This is slightly higher than the surplus projected in the 2018 Stability Programme (0.7% of GDP), but below the Commission 2018 autumn forecast at 1.1% of GDP. The difference with the Commission forecast is explained by the later cut-off date and the inclusion of more recent budget execution information in the Commission forecast.

For 2019, the Draft Budgetary Plan foresees a government surplus of 1.0% of GDP. This is 0.1 percentage point higher than in the Stability Programme and only 0.1 percentage point lower than the Commission 2018 autumn forecast.

Table 2. Composition of the budgetary adjustment

(% of GDP)	2017	2018			2019			Change: 2017-2019
	COM	SP	DBP	COM	SP	DBP	COM	DBP
Revenue	43.7	43.5	43.4	43.4	43.6	43.8	43.4	0.1
<i>of which:</i>								
- Taxes on production and imports	11.5	11.5	11.6	11.6	12.0	12.1	12.1	0.6
- Current taxes on income, wealth, etc.	12.7	12.4	12.2	12.3	12.4	12.4	12.2	-0.3
- Capital taxes	0.2	0.3	0.3	0.2	0.3	0.3	0.2	0.1
- Social contributions	14.3	14.8	14.7	14.6	14.5	14.5	14.5	0.2
- Other (residual)	4.9	4.5	4.6	4.7	4.4	4.5	4.4	-0.4
Expenditure	42.5	42.8	42.5	42.4	42.7	42.8	42.3	0.3
<i>of which:</i>								
- Primary expenditure	41.5	42.0	41.7	41.6	42.0	42.1	41.6	0.6
<i>of which:</i>								
Compensation of employees	8.3	8.6	8.3	8.3	8.5	8.3	8.3	0.0
Intermediate consumption	5.8	5.7	5.9	6.0	5.6	5.9	6.0	0.1
Social payments	21.1	20.5	20.7	20.7	20.5	20.7	20.6	-0.4
Subsidies	1.1	1.2	1.3	1.2	1.2	1.2	1.2	0.1
Gross fixed capital formation	3.4	3.6	3.5	3.5	3.5	3.5	3.6	0.1
Other (residual)	1.7	2.4	2.0	1.9	2.7	2.5	2.0	0.8
- Interest expenditure	1.0	0.8	0.8	0.8	0.7	0.7	0.7	-0.3
General government balance (GGB)	1.2	0.7	0.8	1.1	0.9	1.0	1.109	-0.2
Primary balance	2.2	1.5	1.7	1.9	1.6	1.6	1.8	-0.6
One-off and other temporary measures	0.4	0.1	0.1	0.1	0.1	0.3	0.3	-0.1
GGB excl. one-offs	0.8	0.6	0.7	0.9	0.8	0.7	0.8	-0.1
Output gap ¹	0.1	1.1	1.0	1.0	1.7	1.8	1.6	1.7
Cyclically-adjusted balance ¹	1.2	0.0	0.1	0.4	-0.2	-0.2	0.1	-1.3
Structural balance (SB)²	0.7	-0.1	0.0	0.3	-0.3	-0.5	-0.3	-1.2
Structural primary balance ²	1.7	0.7	0.8	1.1	0.4	0.2	0.5	-1.5
Notes: ¹ Output gap (in % of potential GDP) and cyclically-adjusted balance according to the DBP/programme as recalculated by Commission on the basis of the DBP/programme scenario using the commonly agreed methodology. ² Structural (primary) balance = cyclically-adjusted (primary) balance excluding one-off and other temporary measures. Source: Stability Programme 2018 (SP); Draft Budgetary Plan for 2019 (DBP); Commission 2018 autumn forecast (COM); Commission calculations								

The structural balance¹ in the Draft Budgetary Plan for 2018 (0.0% of GDP) is slightly lower than the Commission forecast (0.2% of GDP), stemming from the lower headline balance. For 2019, the Draft Budgetary Plan projects a (recalculated) structural budget deficit of 0.5% of GDP, i.e. below the Commission forecast, which projects a deficit of 0.3% of GDP. This is

¹ Cyclically adjusted balance net of one-off and temporary measures, recalculated by the Commission using the commonly agreed methodology.

explained by the difference in headline surpluses, in combination with a somewhat lower estimate for the output gap in the Commission forecast, leading to a smaller cyclical correction. The deterioration of the structural budget deficit illustrates an expansionary fiscal stance, as government expenditures in the field of education, defense and health care are set to increase in 2019.

Euro area sovereign bond yields remain at historically low levels, with 10-year rates in the Netherlands currently standing at 0.55². As a consequence, total interest payments by the general government have continued to decrease as a share of GDP. Based on the information included in the Draft Budgetary Plan, interest expenditure in the Netherlands is expected to fall from 1.0% of GDP in 2017 to 0.8% in 2018 and is projected to decrease further next year to 0.7% of GDP in 2019, well below the 2.0% of GDP in 2009. Overall, the picture stemming from the Netherlands' budgetary plans is broadly confirmed by the Commission forecast.

Risks to the fiscal outlook are broadly balanced in the short run, and negative over a longer horizon. In the short run an upside risk comes from further implementation delays of expansionary measures, while below expected wage growth implies a downside risk for the revenue forecast. The uncertain international macro-economic environment poses a downside risk over a longer time horizon.

Fiscal council opinion

Ex-ante compliance of the budget plan with the numerical fiscal rules was assessed by the independent fiscal council, the Advisory Division of the Council of State (hereafter: 'fiscal council'), based on a mandate granted by the Wet HOF. The Council of State is a public body that is constitutionally independent from the government. In its report on the budget memorandum published on 18 September 2018³, the fiscal council concludes that the Dutch public finances are expected to comply with the European fiscal rules. At the same time, the fiscal council points to the underlying deterioration of the structural balance and the risks of procyclical fiscal policy. It also observes that some structural expenditure increases are financed by temporary revenue gains, which is not in line with the national fiscal rules.

3.2. Debt developments

The Draft Budgetary Plan projects the government debt-to-GDP to fall considerably over the forecast horizon, from 57.0% of GDP in 2017 to 53.1% in 2018 and 49.6% in 2019. Both the level and the debt trajectory are slightly less favourable than expected in the 2018 Stability Programme. The debt level is revised upwards by EUR 5.5 billion (0.7% of GDP) in 2017, following a reclassification of some public-private-partnerships (ppp's, explaining EUR 3.8 billion) and the national gas extraction company 'Energiebeheer Nederland' (with an impact of EUR 1.7 billion on public debt) which are now entirely included in the government sector. Table 3 shows that the change in the trajectory has been affected by a revision in the foreseen stock-flow adjustments for 2018. Smaller differences in the primary balance and snowball effects explain the residual revisions. The Commission autumn forecast shows a similar decline in the government debt ratio in 2018 and 2019, even though the composition is marginally different.

² 10-year bond yields as of 24 October 2018. Source: Bloomberg.

³ <https://www.raadvanstate.nl/fiscal-monitoring.html>

Table 3. Debt developments

(% of GDP)	2017	2018			2019		
		SP	DBP	COM	SP	DBP	COM
Gross debt ratio¹	57.0	52.1	53.1	53.2	48.4	49.6	49.6
Change in the ratio	-4.9	-4.9	-3.9	-3.7	-3.7	-3.5	-3.6
<i>Contributions² :</i>							
1. Primary balance	-2.2	-1.5	-1.7	-1.9	-1.6	-1.6	-1.8
2. “Snow-ball” effect	-1.4	-1.9	-1.7	-1.8	-1.8	-2.0	-1.7
<i>Of which:</i>							
Interest expenditure	1.0	0.8	0.8	0.8	0.7	0.7	0.7
Growth effect	-1.7	-1.7	-1.5	-1.5	-1.3	-1.3	-1.2
Inflation effect	-0.7	-1.0	-1.1	-1.1	-1.2	-1.3	-1.2
3. Stock-flow adjustment	-1.3	-1.4	-0.4	0.0	-0.3	0.1	0.0
<i>Of which:</i>							
Cash/accruals difference		0.1	0.10		0.3	-0.30	
Net accumulation of financial <i>of which privatisation proceeds</i>		0.0	-0.10		0.0	0.10	
Valuation effect & residual							

Notes:

¹ End of period.

² The snow-ball effect captures the impact of interest expenditure on accumulated debt, as well as the impact of real GDP growth and inflation on the debt ratio (through the denominator). The stock-flow adjustment includes differences in cash and accrual accounting, accumulation of financial assets and valuation and other residual

Source:

Stability Programme 2018 (SP); Draft Budgetary Plan for 2019 (DBP); Commission 2018 autumn forecast (COM); Commission calculations

3.3. Measures underpinning the draft budgetary plan

Most of the discretionary policy measures relevant for 2019 relate to the 2018-2021 government agreement and were already included in the addendum to the 2018 Draft Budgetary Plan and the 2018 Stability Programme. In particular, this concerns a tax shift: in 2019 labour income taxes will be lowered by 0.7% of GDP, being partly financed by an increase in Value Added Tax (VAT) via a hike of the lower rate from 6% to 9%. A newly announced measure that restricts director major-shareholders⁴ to borrow from their own firm without paying income taxes is expected to lead to a temporary increase in household income tax revenues (the so-called *Rekening Courant Maatregel*). This measure has estimated revenues of EUR 1.8 billion, or 0.2% of GDP in 2019. The fiscal impact stems from a temporary peak in revenues relates to a change in the relevant Box 2 tariff in the personal income taxes and is triggered by a change in tax rules, which is considered to be a one-off.

⁴ Director major-shareholders are so-called 'owner-managers', persons who simultaneously own a firm and are employed by this firm as manager, receiving a salary from the firm.

Corporate income taxes will also be increased in 2019, on balance. A lowering of the statutory corporate income tax rate is more than offset by revenue increasing measures in the field of energy taxation and the implementation of the Anti-Tax Avoidance Directive. Finally, the decision taken in early summer to lower the production of natural gas is considered a revenue-decreasing measure with an estimated impact of EUR 0.4 billion (circa 0.05% of GDP). The Draft Budgetary Plan did not report significant discretionary measures on the expenditure side of the budget.

Table 4. Main discretionary measures reported in the DBP

A. Discretionary measures taken by General Government - revenue side

Components	Budgetary impact (% GDP)	
	2018	2019
Taxes on production and imports <i>of which increase in low VAT rate</i>	0.0	0.5 0.4
Current taxes on income, wealth, etc. <i>of which 'pensioen in eigen beheer'</i>	-0.4	-0.2
<i>household income taxes</i>	-0.3	0.1
<i>corporate income taxes</i>	0.0	-0.7
Capital taxes	-0.1	0.3
Social contributions	0.0	0.0
Property Income	0.1	0.3
Other	0.0	0.0
Total	-0.6	0.7
<p><u>Note:</u></p> <p>The budgetary impact in the table is the aggregated impact of measures as reported in the DBP, i.e. by the national authorities. A positive sign implies that revenue increases as a consequence of this measure.</p> <p><i>Source: Draft Budgetary Plan for 2019</i></p>		

B. Discretionary measures taken by general Government- expenditure side

Components	Budgetary impact (% GDP)	
	2018	2019
Compensation of employees	0.0	0.0
Intermediate consumption	0.0	0.0
Social payments		
Interest Expenditure		
Subsidies		
Gross fixed capital formation	0.0	0.0
Capital transfers		
Other		
Total	0.0	0.0
<u>Note:</u> The budgetary impact in the table is the aggregated impact of measures as reported in the DBP, i.e. by the national authorities. A positive sign implies that expenditure increases as a consequence of this measure. <i>Source: Draft Budgetary Plan for 2019</i>		

4. COMPLIANCE WITH THE PROVISIONS OF THE STABILITY AND GROWTH PACT**4.1. Compliance with the MTO**

The Netherlands is subject to the preventive arm of the Pact and should ensure compliance with its MTO of -0.5% of GDP. In 2017, the structural budget balance was above its MTO, estimated at a surplus of 0.7% of GDP. Based on the recalculated Draft Budgetary Plan, the structural budget balance is expected to be close to balance in 2018, remaining above the MTO and to deteriorate to the MTO in 2019. The Commission 2018 autumn forecast projects a structural budget surplus of 0.3% of GDP in 2018 and 0.3% of GDP deficit in 2019, thus remaining above the MTO.

Table 5. Compliance with the requirements of the preventive arm

(% of GDP)	2017	2018		2019	
Initial position¹					
Medium-term objective (MTO)	-0.5	-0.5		-0.5	
Structural balance ² (COM)	0.7	0.3		-0.3	
Structural balance based on freezing (COM)	0.3	0.3		-	
Position vis-a-vis the MTO³	At or above the MTO	At or above the MTO		At or above the MTO	
(% of GDP)	2017	2018		2019	
	COM	DBP	COM	DBP	COM
Structural balance pillar					
Required adjustment ⁴	<i>Compliance</i>				
Required adjustment corrected ⁵					
Change in structural balance ⁶					
One-year deviation from the required adjustment ⁷					
Two-year average deviation from the required adjustment ⁷					
Expenditure benchmark pillar					
Applicable reference rate ⁸	<i>Compliance</i>				
One-year deviation adjusted for one-offs ⁹					
Two-year average deviation adjusted for one-offs ⁹					
<u>Notes</u>					
¹ The most favourable level of the structural balance, measured as a percentage of GDP reached at the end of year t-1, between spring forecast (t-1) and the latest forecast, determines whether there is a need to adjust towards the MTO or not in year t. A margin of 0.25 percentage points (p.p.) is allowed in order to be evaluated as having reached the MTO.					
² Structural balance = cyclically-adjusted government balance excluding one-off measures.					
³ Based on the relevant structural balance at year t-1.					
⁴ Based on the position vis-à-vis the MTO, the cyclical position and the debt level (See European Commission: Vade mecum on the Stability and Growth Pact, page 38.).					
⁵ Required adjustment corrected for the clauses, the possible margin to the MTO and the allowed deviation in case of overachievers.					
⁶ Change in the structural balance compared to year t-1. Ex post assessment (for 2017) was carried out on the basis of Commission 2018 spring forecast.					
⁷ The difference of the change in the structural balance and the corrected required adjustment.					
⁸ Reference medium-term rate of potential GDP growth. The (standard) reference rate applies from year t+1, if the country has reached its MTO in year t. A corrected rate applies as long as the country is adjusting towards its MTO, including in year t.					
⁹ Deviation of the growth rate of public expenditure net of discretionary revenue measures, revenue increases mandated by law and one-offs from the applicable reference rate in terms of the effect on the structural balance. The expenditure aggregate used for the expenditure benchmark is obtained following the commonly agreed methodology. A negative sign implies that expenditure growth exceeds the applicable reference rate.					
<u>Source :</u>					
Draft Budgetary Plan for 2019 (DBP); Commission 2018 autumn forecast (COM); Commission calculations.					

5. COMPOSITION OF PUBLIC FINANCES AND IMPLEMENTATION OF FISCAL STRUCTURAL REFORMS

Since 2017, total government expenditure has been increasing faster than GDP, while government revenues are on balance stable as a share of GDP. This illustrates an expansionary fiscal policy stance, which is also visible in the decline of the structural budget balance from a surplus of 0.7% of GDP in 2017 to a deficit of 0.3% in 2019, according to the Commission 2018 autumn forecast. This contrasts with the years 2011-2017, when the fiscal policy stance was different. Consolidation measures led to a decline of total government expenditure by 4.3 percentage points of GDP, and an increase of total revenues by 1.4 percentage points of GDP. Public investment decreased by $\frac{3}{4}$ percentage points of GDP, falling from 4.2% of GDP in 2010 to 3.4% in 2017, and is expected to increase again slightly in 2018 and 2019.

With respect to the fiscal structural reforms recommended by the Council on 13 July 2018⁵, the Draft Budgetary Plan highlights increased spending on education, research and innovation (EUR 1.9 billion, 0.25% of GDP), defence and security (together EUR 1.7 billion, 0.2% of GDP) and infrastructure (EUR 1 billion, 0.1% of GDP). The Draft Budgetary Plan also refers to a renewed action plan '*Naar missiegedreven innovatie met impact*' in which it sets out the innovation policy strategy for the coming years, including the financing of applied research. Public sector wages are expected to grow by 3.4% in 2018 and 3.3% in 2019 based on the Draft Budgetary Plan and by 2.8% and 3.0% in the Commission 2018 autumn forecast. For the remaining country-specific recommendations (CSRs), the Draft Budgetary Plan lists a number of recent policy initiatives. A comprehensive assessment of progress made with the implementation of CSRs will be made in the 2019 Country Report.

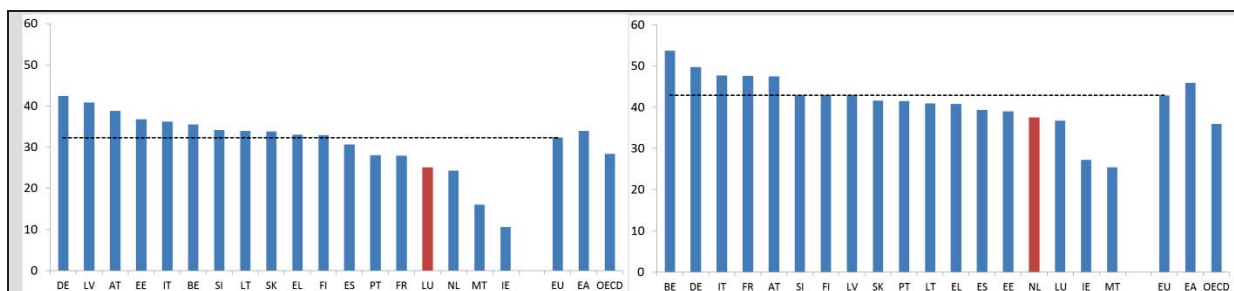
Box 2: Addressing the tax burden on labour in the euro area

The tax burden on labour in the euro area is relatively high, which weighs on economic activity and employment. Against this background, the Eurogroup has expressed a commitment to reduce the tax burden on labour. On 12 September 2015, the Eurogroup agreed to benchmark euro area Member States' tax burden on labour against the GDP-weighted EU average, relying in the first instance on indicators measuring the tax wedge on labour for a single worker at average wage and a single worker at low wage. It also agreed to relate these numbers to the OECD average for purposes of broader comparability.

The tax wedge on labour measures the difference between the total labour costs to employ a worker and the worker's net earnings. It is made up of personal income taxes and employer and employee social security contributions. The higher the tax wedge, the higher the disincentives to take up work or hire new staff. The graphs below show the tax wedge in the Netherlands for a single worker earning respectively the average wage and a low wage (50% of the average) compared to the EU average.

The tax burden on labour in the Netherlands at the average wage and at low wage (2016)

⁵ Council Recommendation of 13 July 2018 on the 2018 National Reform Programme of the Netherlands and delivering a Council opinion on the 2018 Stability Programme of the Netherlands, OJ C 320/18, 10.9.2018, pp. 80-83.



Notes: No recent data is available for Cyprus. EU and EA averages are GDP-weighted. The OECD average is not weighted. Source: European Commission Tax and Benefit Indicator database based on OECD data.

Benchmarking is only the first step in the process towards firm, country-specific policy conclusions. The tax burden on labour interacts with a wide variety of other policy elements such as the benefit system and the wage-setting system. A good employment performance indicates that the need to reduce labour taxation may be less urgent while fiscal constraints can dictate that labour tax cuts should be fully offset by other revenue-enhancing or expenditure-reducing measures. In-depth country-specific analysis is necessary before drawing policy conclusions.

The Netherlands Draft Budgetary Plan contains a tax shift affecting the tax wedge on labour. In two steps the number of tax brackets will be reduced from four to two, setting a base rate at 37% for all incomes up to EUR 68,600 and a marginal top personal income tax rate at 49.5% for all income above this threshold. The tax shift is only partly financed by an increase in indirect taxes (VAT and energy) and leads to an overall lowering of the personal income taxes. Ceteris paribus, this tax shift is likely to increase labour supply and via this channel positively affect employment and economic growth.

6. OVERALL CONCLUSION

According to the information provided in both the (recalculated) Draft Budgetary Plan and the Commission 2018 autumn forecast, the structural balance is projected to remain at or above the medium-term objective in 2018 and 2019.

With respect to the Recommendation of 13 July 2018 addressed by the Council to the Netherlands to use fiscal and structural policies to raise public and private investment in research, development and innovation, the Draft Budgetary Plan highlights increased spending on education, research and innovation. A comprehensive description of progress made with the implementation of the CSRs will be made in the 2019 Country Reports and assessed in the context of the country-specific recommendations to be proposed by the Commission in May 2019.