

DOING BUSINESS IN THE NETHERLANDS



Doing Business in the Netherlands

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Editorial contributions

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Table of Contents

Preface.....	10
Introduction to the Netherlands	11
Legal forms	12
Partnership (VOF and CV).....	12
Private limited company (BV).....	12
Public limited company (NV)	12
Co-operative	12
Foundation.....	12
Simplifying rules governing Dutch BVs – the Flex BV Act.....	14
Incorporating a Dutch BV – corporate issues	15
Incorporation.....	15
Registration.....	15
Articles of association.....	15
Corporate/trade name	15
Seat/office address.....	15
Purpose of the company	16
Share capital	16
Shares	16
Depository receipts.....	16
Transfer of shares	17
Corporate bodies	17
In general.....	17
Management Board.....	17
General Meeting of Shareholders	17
Supervisory Board.....	18
One-tier board	18
Filing and publicising annual accounts	18
Sanctions.....	19
Special regulations for large enterprises	19
General obligations & liability	20
Director’s liability.....	20
Discharge from liability.....	21
403 declarations	21
ultra vires.....	22
Statutory Dispute Resolution Procedure (<i>geschillenregeling</i>)	22
Inquiry proceedings.....	22

Liquidation of a Dutch legal entity.....	23
The liquidator	23
The procedure	23
The fast-track procedure	24
The standard procedure	24
Legal characteristics of a Dutch limited partnership.....	26
General partner	26
Limited partner.....	26
Legal characteristics of a Dutch co-operative.....	27
Employment law	28
A. Applicable law	28
B. Employment contract.....	29
Definition	29
Legal presumption of employment contract.....	29
Fixed-term employment contract	29
Employment contract for an indefinite period.....	30
Legal minimum wage.....	30
Vacation days.....	31
Sick employees	31
Salary during incapacity.....	32
Trial period.....	33
Non-competition clause	33
CAO: Collective labour agreements.....	34
C. Employee participation	34
Works Council.....	34
Composition of the OR	35
The OR's right to consultation	35
The OR's right to consent	36
Prohibition on termination: OR members.....	36
D. Terminating an employment contract	36
Methods of termination	36
Termination by operation of law.....	36
Termination by mutual consent	37
Termination by giving notice	37
Dissolution by the district court	38
Instant dismissal	38
Redundancy	39

E. Foreign employees.....	40
Work permit	40
International Group Scheme	41
Knowledge migrant.....	41
Notification requirement.....	42
Liability for wage claims	42
Real property law	43
Introduction	43
Restrictions for non-residents	43
Legal title	43
Rights in rem.....	43
Restrictions on freedom to transfer real property.....	43
Acquiring real property.....	44
Property companies.....	44
Transfer to an Anglo-American trust.....	44
Finance, mortgage	44
Lease agreements – office buildings, commercial property	44
Lease agreements – residential property.....	45
Transfer tax / VAT.....	45
Spatial planning	45
Framework.....	45
Zoning plans.....	45
Environmental permit.....	46
Soil and groundwater pollution.....	46
Asbestos.....	46
Litigation.....	47
The Dutch court system.....	47
The anatomy of a (general) lawsuit.....	47
Proceeding for interim relief	47
Period of limitation of action.....	48
Recovery of legal fees.....	48
Alternative dispute resolution.....	48
Arbitration	48
Mediation	48
Intellectual property / information, communication and technology	49
Patent rights	49
National Dutch patents.....	49
Trademarks.....	50

Tradenames	51
Designs and drawings	51
Copyright	51
Software	51
Neighbouring rights	51
Databaserights.....	51
Privacy(protection of personal data).....	52
Domain names.....	53
Information, communication and technology.....	54
Legislation and contracts.....	54
Cloud computing	54
Security	55
Data leaks	55
Commercial contracts Agency, distribution and franchise agreements	56
Commercial agency	56
Franchise.....	57
Distributorship.....	58
Business taxation	60
Which companies pay corporate income tax?	60
How much corporate income tax does a company pay?	60
Tax rates	60
Applying the principles of sound business practice and consistency.....	60
Depreciating fixed assets.....	60
Valuing stock.....	61
Valuing work in progress and orders in progress	61
Deducting costs	61
Creating reserves.....	61
Setting off losses.....	61
Are there any exemptions?	62
Dutch participation exemption	62
Main features of the provision	62
When does provision apply?	62
Can a group be taxed as one fiscal entity?	62
Are mergers exempt from tax?	63
When is the corporate income tax return filed?	63
Individual taxation	64
Income tax	65

Which individuals pay income tax?	65
How much tax do individuals pay?	65
Reducing the individual's tax bill with rebates.....	65
How do individuals pay their income tax?	66
Taxable income from work and dwellings: Box 1	66
What is considered employment income?.....	66
What is employment income tax and who pays it?	67
Are there any exceptions to employment tax?	67
How is employment income tax paid?	67
Payroll tax return	67
Do employees pay wage tax on all their employed income?.....	67
Reducing the wage tax bill for employees.....	68
Reducing the wage tax bill for various groups of employees.....	68
What is the 30% tax-free salary scheme?	68
Expatriates	68
Extraterritorial costs	68
Application and duration	68
Dutch employees	69
How is profit from business activities taxed?.....	69
Business tax deductions	69
Taxable income from substantial interest (box 2).....	69
Taxable income from savings and investments (box 3)	69
Income tax return	70
Value added tax (VAT)	71
When is VAT charged?	71
Who must register for VAT?	71
What is subject to VAT?.....	71
The supply of goods and services	71
Place of supply of goods and services	72
VAT rates	72
Exemptions	72
Special arrangements for small businesses and the agricultural sector	73
How does VAT work in the single European market?	73
Imports	74
Invoicing.....	74
How is VAT declared and paid?	74
International aspects of taxation in the Netherlands	75
How does residency affect taxation?	75

Resident taxpayers	75
Non-resident taxpayers	75
How can resident taxpayers avoid double taxation?	75
Three ways to avoid double taxation	75
The exemption method	75
The credit method	75
Deduction as costs.....	76
Bilateral tax treaties	76
Outline of Dutch policy	76
Treaties to avoid double taxation.....	77
Relief of taxation at source under tax treaties.....	78
Do non-resident taxpayers pay tax on all their Dutch income?	78
Can international groups & investors get tax certainty in advance?	79
Advance Pricing Agreement	79
Advance Tax Ruling.....	79
International Investors' Desk.....	80
Custom duties	81
Who pays custom duties?	81
What if the goods are re-exported?	81
What are the customs procedures?	81
Frequent use of simplified procedures.....	82
Combined simplified procedures.....	82
Agreement in the form of a Memorandum of Understanding (MoU)	82
Dividend withholding tax.....	83
Inheritance tax and gift tax	84
Inheritance tax.....	84
Gift tax	84

Preface

This brochure is aimed at international companies wishing to set up a business in the Netherlands and at Dutch-based companies that operate internationally. When deciding where to set up your business, issues such as geographic location, infrastructure, political and social stability and wage levels are crucial. The tax system of the country that may play host to your company is also a major consideration, so it's essential to understand the differences in tax treatment before making your final decision. With this in mind, we have put together an overview of the taxes which companies in the Netherlands have to pay.

We hope you find the brochure informative and inspiring.

Cox + Partners
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Please note the rates and amounts given are correct as at 1 January 2013.

Introduction to the Netherlands

The Netherlands is a parliamentary democracy with a constitutional monarchy. In other words, the king or queen is the ceremonial unelected head of state while the government is elected by the people.

The Dutch government operates at a national, regional and local level, and its role goes far beyond providing the nation's security and ensuring economic stability. It is responsible for a wide range of essential services, such as the welfare system, the public health service, the education system and the transport and telecommunication infrastructure. The level and extent of these services is reflected in the country's high standard of living. The Netherlands was ranked third in the global Human Development Index (HDI)¹ in 2011.

Of course, this standard of living comes at a cost. Government expenditure, which accounts for about half of GDP², is largely financed by individuals and companies in the form of taxes and social security contributions. Most of the proceeds from social security contributions are spent on health care and on social benefits, such as unemployment benefit and state pensions. Taxes are spent on other services, such as the police, schools and roads. The responsibility for levying and collecting taxes and some social security contributions falls to the Tax and Custom Administration (*Belastingdienst*).

Although the overall tax burden for individuals is heavy, the rate of corporation tax is globally competitive³. The economy of the Netherlands is relatively small but it is very open, fostering enterprise and entrepreneurial activity. A number of factors contribute to this: the country is heavily involved in international commerce, it has a high degree of economic freedom and the regulatory regime is transparent and efficient. Moreover, the judicial system is independent and free of corruption, and the workforce is highly educated. Remaining true to the country's historic trading roots, the government acknowledges that its tax system should not provide an obstacle to companies operating internationally. The Netherlands is, one might say, open for business.

¹<http://hdr.undp.org/en/statistics>

²[2013 Index of Economic Freedom](#)

³[2013 Index of Economic Freedom](#)