



商業信託
Commercial Trust



Country Profile: Netherlands

The Facts

Location	North-Western Europe, between Belgium and Germany
Languages	Official language – Dutch and Frisian
Nationality	Dutch
Religions	Roman Catholic – 30% Protestant – 20% Muslim – 5.8% Others – 2.2% None – 42%
Government	Constitutional Monarchy
Head of Government	Prime Minister
Legislature	Bicameral States General (Staten Generaal)
Constitutional Document	The Constitution of the Kingdom of the Netherlands
Economy	The Netherlands has a well-developed economy, one of the world's 10 leading exporting countries for chemicals, metallurgy, machinery, food processing and electrical goods. Also, being the 17 th largest economy in the world, the Netherlands' financial sector has been well-positioned in Europe due to its professional population, stable and modern legislation for business.
Currency	Euro (EUR)
GDP (2011)	Total – EUR 607.46 billion Per capita – EUR 36,386 Real GDP growth – +1.3%
Population	16,730,700 (approx.)
Percentage of population	Dutch – 80.7% EU – 5% Others – 14.3%
Area	41,543 km ²
Time zone	CET (UTC +1) CEST (UTC +2)
Public Holidays	National holidays – 9
Climate	Temperate, marine



Sources: Government of the Netherlands, Central Intelligence Agency, International Monetary Fund

The Netherlands

A founder member of the European Union, the Netherlands is the 16th largest economy in the world. For many years now, the Netherlands has attracted people around the world to set up businesses, with its extremely open and developed economy. The nation offers a great platform for companies to explore the business market in the region.

The Netherlands Business Climate

Some of the main reasons why people choose the Netherlands as the place they want to expand or set up their business in include:

- The country boasts an internationally orientated business environment.
- It has a stable and flexible political and economical climate.
- The corporate tax rate is lower than that of many other countries in the European Union.
- The banking, law and tax practices are highly developed and modern.
- There is no withholding tax on the interest amounts and royalty payments.
- The stock exchange and international financial center of the Netherlands are known for their global outlook.
- Some of the most renowned banking firms have their presence in the Netherlands.
- The country is known for its world-class infrastructure. For instance, the nation has the world's largest seaport, along with one of the biggest airports in the world.
- Companies also benefit from the central geographical position of the Netherlands, which offers them convenient accessibility to the rest of Europe.
- The set-up and maintenance costs are low, which is a huge benefit for companies.
- A highly educated and multilingual (English speaking) workforce.
- The Netherlands encourages a multi-cultural society.

Legal Forms of Business in the Netherlands

Sole Trader

A sole trader is an individual business owner who is entitled to all the profits made by the business. However, the business owner is also required to pay taxes on these profits. There is no distinction between personal assets and business assets in this form of business. This means that creditors can make a claim on personal assets to meet business obligations and vice versa. The sole trader's spouse might also be held liable under certain circumstances, such as when the marriage is on the basis of communal estate.

Partnership

A partnership, in simple words, is a setup where parties work together and cooperate to attain the mutual interests and objectives. There are various forms of partnership acceptable in the Netherlands.

General Partnership or VOF

A general partnership is a business handled by more than one individual. The contributions to the capital or entitlement to the profits or losses is based on the partnership agreements. For tax purposes, the partners are regarded as self-employed and income tax is deducted on the profits. Here, instead of an individual, all partners, along with their spouses, are jointly responsible for the business' obligations. In this form of partnership, each partner contributes financially, as well as in terms of manpower and goods, to the business. The profits are distributed among the partners on the basis a formula that is set out in the partnership contract.

Limited Partnership or CV

This is a special form of general partnership and consists of active partners and limited or sleeping partners. The limited partner contributes capital to the company and often enters into a partnership with a sole trader who needs financial backing. The active partner, on the other hand, is entrusted with the responsibility of managing the day to day operations and decision making. Limited partners do not need to be registered.

Active partners are answerable to third parties, and their personal assets, including those of the spouse, are not protected from creditors. What is advisable here is a proper partnership agreement, with the partners at the time of initiating the business clearly setting out the duration of the partnership, the profit ratio and the other important issues.

The active partner is also required to pay the income tax from their share of the profits. The limited partner has much less authority and bears lower risk as well.



Private Limited Liability Company or BV

A private limited liability company is a legal entity that limits the risks to the owner(s). Shareholders are responsible just for their own capital contribution. To initiate a private company, which is also known as BV in the Netherlands, an amount of €18,000 in paid-in capital is required. The shares are allotted on the basis of the capital, and any person who owns more than 5% of shares is considered as a valued stakeholder and is claimed to have a "substantial interest" in the development of the company. The owners, before starting with the business, should do a background check in order to avoid any fraud. This form of business is often regarded as the most suitable way for a foreign investor to establish his business (subsidiary) in the Netherlands.

The information of the company and proof of incorporation in a foreign country must be registered with the Chamber of Commerce. Further, a very significant step would be to register the appropriate name with the Chamber of Commerce. All such company names should either begin or end with 'BV'. For instance, Bespor Firms Bv.

Public Limited Liability Corporation

A Public Limited Liability Corporation may be a subsidiary of a foreign company. It is owned by the shareholders and shares are allowed to be traded on the public stock market, although they cannot be held in any private person's name. Thus, owners are allowed to remain unidentified. Such corporations can be formed if only they have a sum of €45,000 as the paid-in capital. As compared to the other forms of business in the Netherlands, this structure is not as popular.

Branch Office

A company that is established and functions in a foreign country can expand into the Netherlands through the creation of a branch office. Since a branch is not considered a separate legal entity, the head office itself is responsible for all the obligations of the branch office.

To set up a branch, government approval is not required. Instead, the branch and its manager must be registered with the local Chamber of Commerce Trade Register. The company is also required to provide the Chamber:

- The articles of incorporation (in Dutch, French, German or English) as well as by the laws.
- The annual report, which includes the accounting details, as governed by the laws of the country of incorporation (may be in Dutch, French, German or English).
- An extract from the trade register or document of registration in the country of incorporation, which should not be more than one month old.
- Relevant information regarding the registered office, the laws that govern the company and the details of its establishment, along with a report on the shared capital, if the company is incorporated outside the European Union.



Foundation

A foundation is known as a legal entity without any members, but is consented to make money. However, the distribution of profits is limited. The profits earned are subject to corporate tax as well as turnover tax (if applicable).

Association

An association is a non-profit organization that has a voting policy. Here, the members are usually allocated one vote each. Associations may earn profits, but it is necessary for the money to be used to fulfill the association's goals, instead of it being used individually. There is taxation on profits. There are a couple of ways to organize an association:

- Establish the Deed of Association without the use of a notary and optionally sign-up with the Chamber of Commerce Trade Register. This will enable an association with limited legal rights.
- Establish the Deed of Association with the use of a notary and register with the Chamber of Commerce Trade Register. This will lead to an association with legal rights.

Taxation

All new companies that wish to setup a business in the Netherlands must register with the local offices of social security, direct and indirect taxation. It is recommended to notify the Dutch Tax and Customs Administration (Belastingdienst) as soon as it is certain a company plans to start trading. When registering with the Chamber of Commerce Trade Registry, sole traders, limited partnerships and general partnerships may register with the Dutch Tax and Customs Administration at the same time.

Business owners are legally required to keep records of all matters concerning the finances of their company. They are also legally required to keep all records relating to taxation for a minimum of seven years. Businesses may have to deal with four kinds of taxes:

- **Value Added Tax (VAT):** It is necessary for businesses to charge their clients VAT. Value Added Tax amounts to about 19% for the service and premium products. Further, a VAT of 6% is charged over base goods.
- **Income Tax:** If the Inland Revenue qualifies you an entrepreneur, you can avail a number of tax benefits in the form of tax allowances, which would reduce the income tax. This is not applicable to a Private Limited Company.
- **Wages and salaries tax:** In case you employ staff, it will be a must for you to pay wage tax.
- **Corporation tax:** you will be entitled to pay a corporation tax if your company is a private company with limited liability.

Visa Requirements

At the time of visa and immigration, the investors need to carry the following documents with them.

- One fully completed and signed application form.
- One recent passport size photograph.
- Passport having validity for 3 months after returning; one blank page for the visa-sticker.
- Health insurance that should be valid for the entire duration of the requested stay.
- Hotel/trip reservation(s).
- Sufficient means of support, like the bank statement(s) (should not be older than 1 month), traveler checks or major credit card(s); cash is an accepted means of support.
- Proper evidence of your occupation; original trade license or official letter inscribed on a letter headed paper from your employer.
- Photocopies of all the pages of the passport as well as photocopies of all the above documents mentioned.
- Original official invitation from the company in the Netherlands on a letter headed paper.

Banking Requirements

To set up business in Netherlands, the following banking requirements need to be fulfilled:

Opening a Bank Account

After around five days of registering your business, you will be provided a BSN number. This is actually a Dutch social security number that is needed at the time of opening a Dutch bank account.

Though, opening a bank account in Netherlands isn't a task that will turn you red, there is a chance of some linguistic issues as there is only a single bank (ABN AMRO) that provides its services in English.

Also, presence of a residence permit is a must and will be required at the time of opening the account. If you do not possess a residence in the Netherlands, you may have to settle for other, alternative banks such as Rabobank or ING.

Opening a Bank Account Deposit Minimal Capital of EUR 18,000 (B.V)

If you are planning to form a Private Limited Liability Company, it is better that you deposit the amount of the paid-in capital (€18,000) that you would require for the registry with the Chamber of Commerce.

Reference

Government of the Netherlands	www.government.nl
International Monetary Fund	www.imf.org
Central Intelligence Agency	www.cia.gov
Netherlands Foreign Investment Agency	www.nfia.nl
Invest in The Netherlands	www.investinthenetherlands.org
KPMG	www.kpmg.com/nl/en
Expatax	www.expatax.nl

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