Investing in Europe through the Netherlands
How start up business in Europe using the Netherlands

• The Netherlands is often chosen as gateway to Europe for various reasons
• Next to operational benefits (workforce, logistical framework, multilingual environment), the Netherlands offers various tax incentives for companies that are establishing and growing their European footprint.
• The Dutch tax inventive scheme is also growing with your business presence in Europe.
• We distinguish the following situations an growth scenario’s:

1. Start: Exporting to Europe via the Netherlands using independent distributors
2. Growing: Setting up a local sales force from private dwellings employees
3. Professionalize: Hiring an office space for European business growth
4. Mature: Expand office into an (intermediate) European holding company with subsidiaries/branches
Exporting goods to Europe via the Netherlands

Idea: appointment of Dutch VAT agent and VAT license to deliver to independent distributors or clients. No physical presence in Europe

Benefits:
1. Limited or no European tax compliance outside Netherlands
2. No cash outflow import VAT
3. Highly developed logistical framework in Netherlands

Considerations:
- Tax qualification independent European distributors
Growing - Setting up a local sales force from private dwellings employees

Idea: hire local workforce and no office space

Benefits:
1. If planned properly no Dutch corporate tax compliance and profit allocation
2. No need to file annual accounts
3. Low investment to get near the European customer

Considerations:
• Negotiation authority employees

Foreign HQ

Working from private dwelling (Netherlands) and visit (EU) customers

EU Clients (B2B, B2C)
Hiring an office space for European business growth

Idea: hiring office space in Netherlands and concluding contracts with EU partners and clients via the Netherlands

Benefits:
1. Limited tax compliance in other EU countries
2. Straightforward tax compliance and profit allocation in the Netherlands
3. Increase visible footprint (presence) is commercially positive

Considerations:
- Profit allocation, VAT
Expand office into an (intermediate) European holding company

Idea: open office in other EU countries and use the Netherlands as holding country

Benefits:
1. No taxation of profits repatriated to the Netherlands
2. No Dutch withholding tax and Dutch taxation
3. Attractive benefits for expatriate workers
4. Standardized tax compliance and red carpet treatment Dutch authorities

Considerations:
• Sufficient Dutch presence (office)
Some Dutch tax planning examples
• **Benefits:**
  i. No Dutch tax leakage due to repatriation profits Targets to investors
  ii. No Dutch interest withholding tax

• **Main considerations:**
  i. Funding Dutch acquisition entities and effective interest deduction in Netherlands
Innovation box

• Benefits:
  i. 5% taxation of IP related income
  ii. No need to have patents
  iii. Also economic ownership of IP in Netherlands is sufficient. Legal protection can be done in US
  iv. Still contract R&D is possible

• Main considerations:
  i. Determine allocation income IP
  ii. For contract R&D to non-Dutch entities 30% margin (EU/BEPS)
• Benefits:
  i. (US) tax deferral
  ii. Limited Dutch tax leakage due to participation exemption and no withholding tax on interest and royalties. Dividend to be reduced to 5% or even 0% (Coop/treaty)
  iii. Reduction (any) foreign withholding tax (treaties/EU)

• Main considerations:
  i. Beneficial ownership and substance BV
Informal Capital Contribution Deduction

• Benefits:
  i. Interest deduction and no effective interest pick up in other countries
  ii. Based upon jurisprudence and standard Dutch ruling practice available and applied
  iii. Structure can also be applied with inter alia contributed IP. Deemed license fee deduction.

• Main considerations:
  i. Transfer pricing adjustments outside the Netherlands.
Questions?

Do you have questions or want to invest in the Netherlands?

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