

Investing in Europe through the Netherlands



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How start up business in Europe using the Netherlands



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- 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 incentive 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



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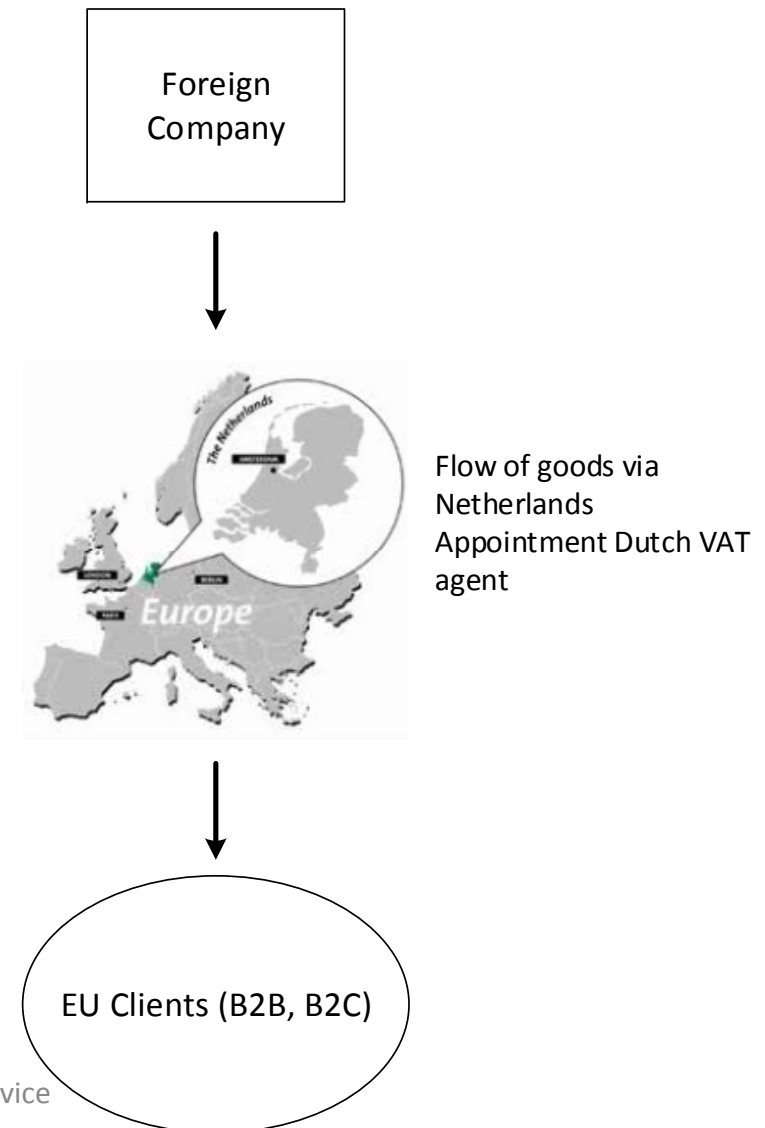
Idea: appointment of Dutch VAT agent and VAT license to deliver to independent distributors or clients. No physical presence in Europe

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



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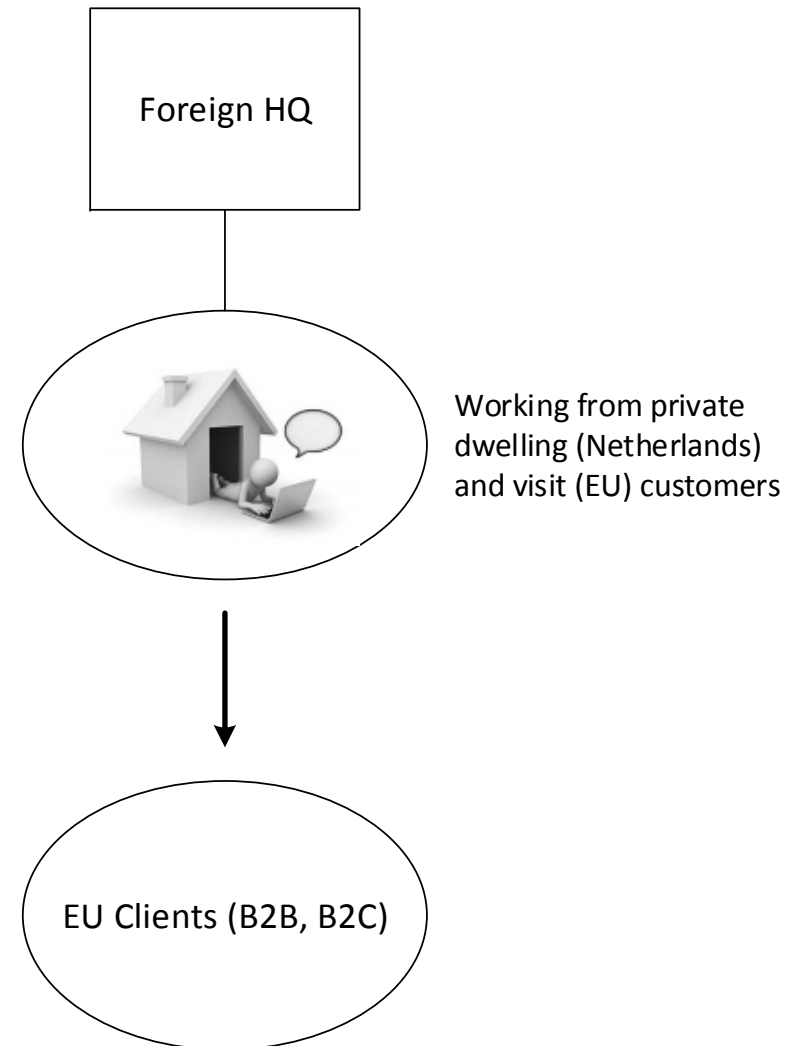
Idea: hire local workforce and no office space

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



Hiring an office space for European business growth



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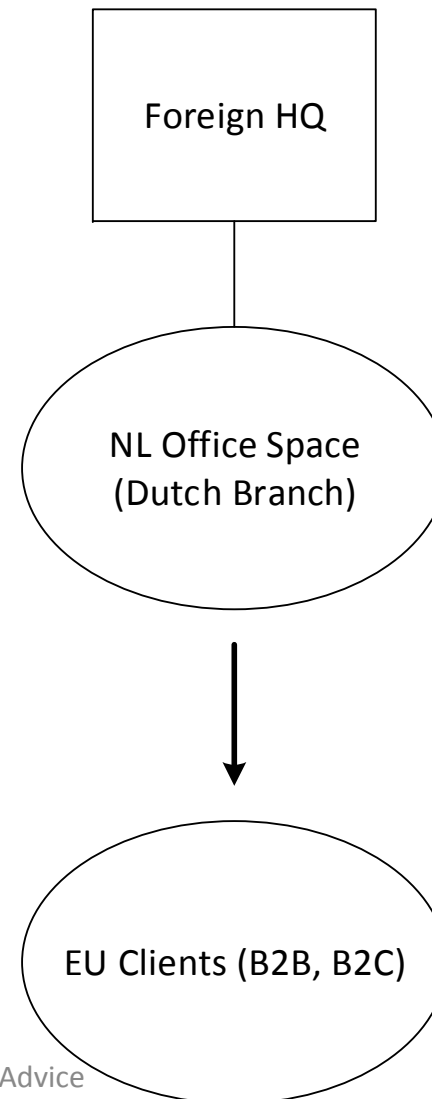
Idea: hiring office space in Netherlands and concluding contracts with EU partners and clients via the Netherlands

Benefits:

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

Considerations:

- Profit allocation, VAT



Profit Allocation, European VAT framework and remuneration framework employees require consideration

Expand office into an (intermediate) European holding company



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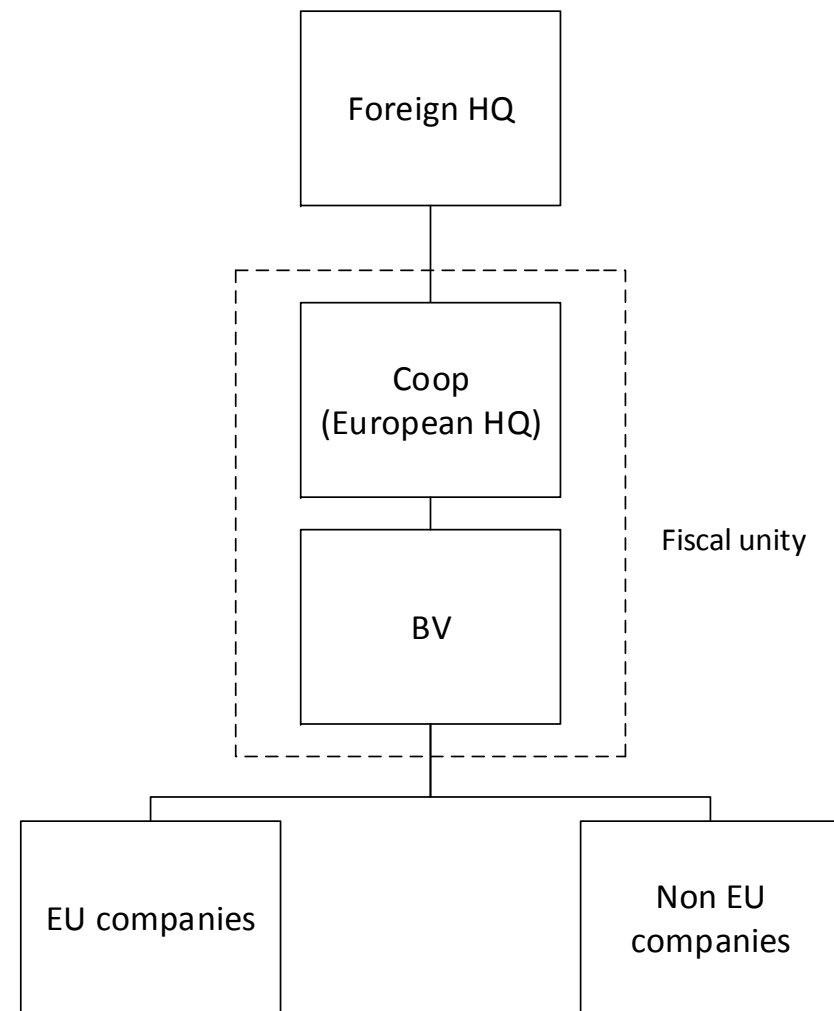
Idea: open office in other EU countries and use the Netherlands as holding country

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)



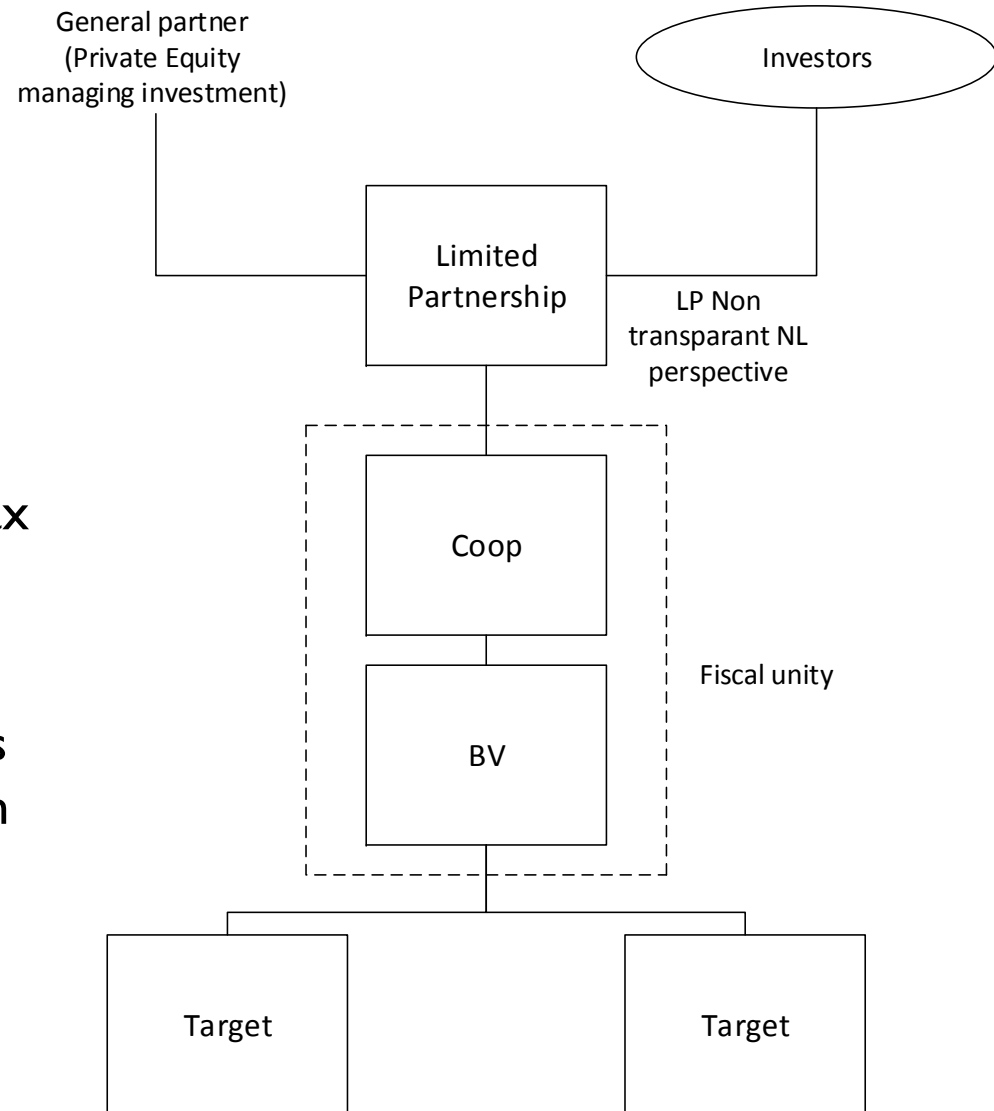
Some Dutch tax planning examples

Private equity

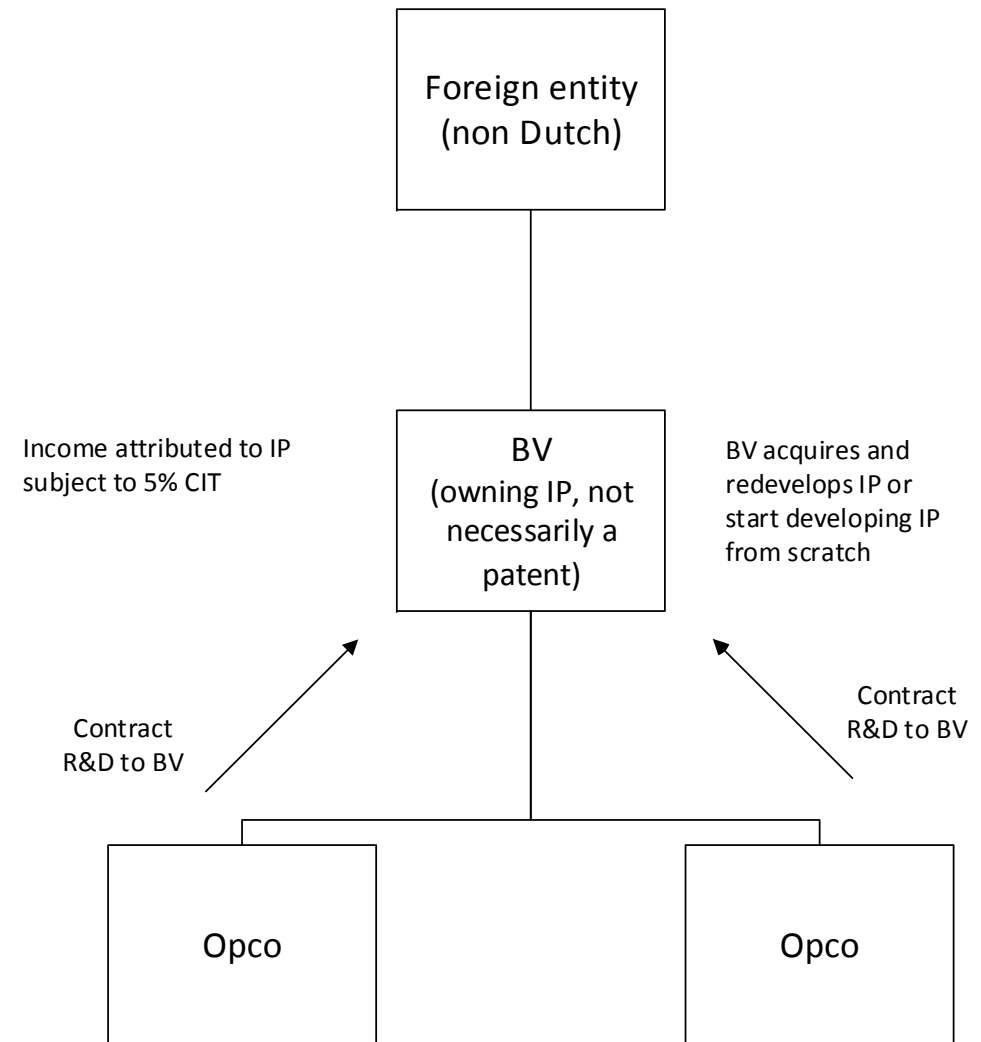


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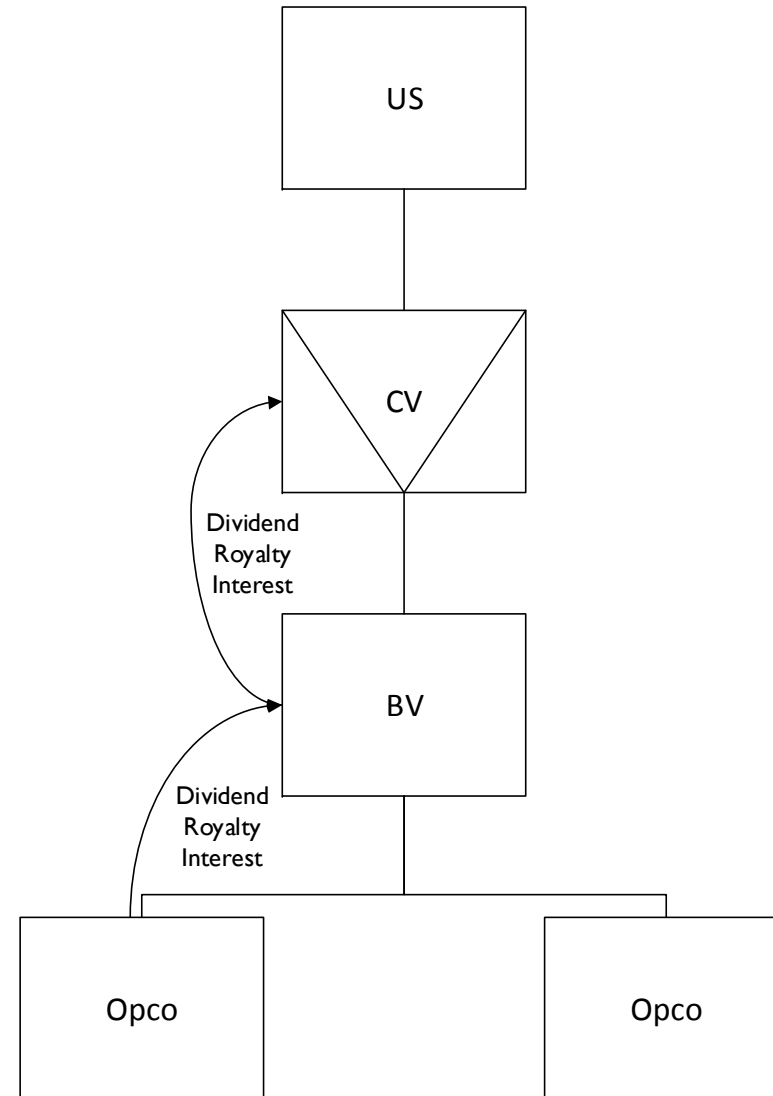
- **Benefits:**
 - i. No Dutch tax leakage due to repatriation profits Targets to investors
 - ii. No Dutch interest withholding tax
- **Main considerations:**
 - i. Funding Dutch acquisition entities and effective interest deduction in Netherlands



- **Benefits:**
 - 5% taxation of IP related income
 - No need to have patents
 - Also economic ownership of IP in Netherlands is sufficient. Legal protection can be done in US
 - Still contract R&D is possible
- **Main considerations:**
 - Determine allocation income IP
 - For contract R&D to non-Dutch entities 30% margin (EU/BEPS)



- Benefits:
 - (US) tax deferral
 - 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)
 - Reduction (any) foreign withholding tax (treaties/EU)
- Main considerations:
 - Beneficial ownership and substance BV

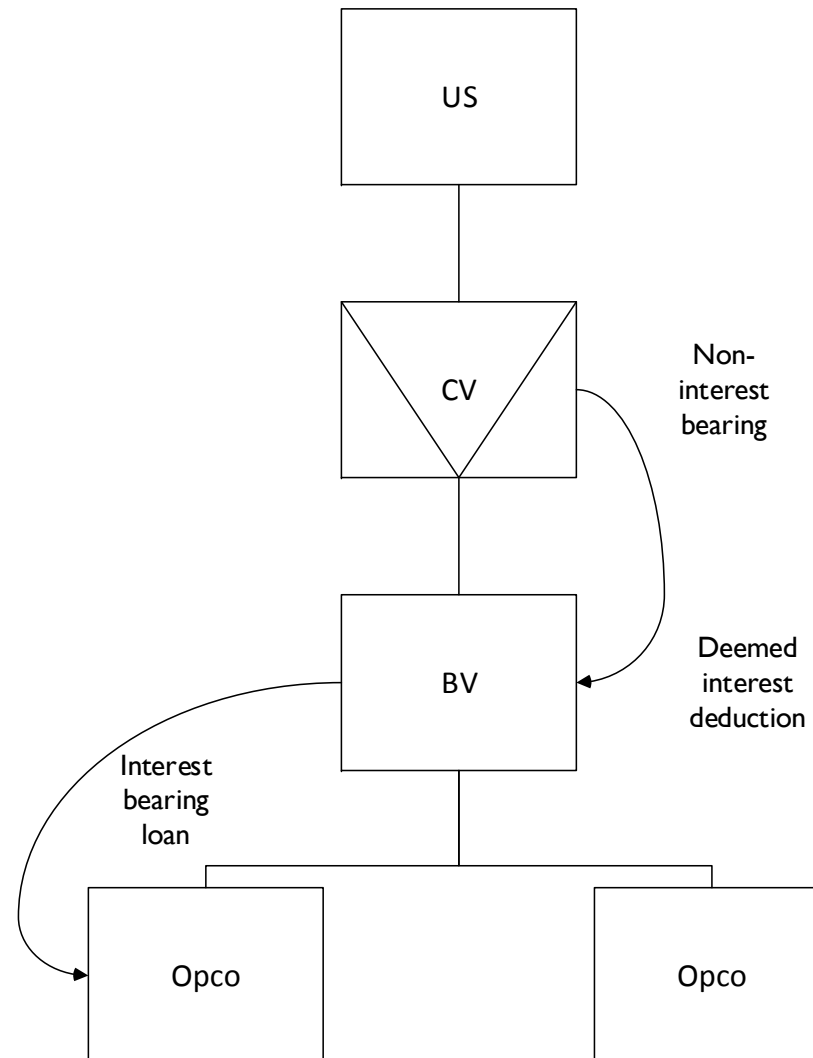


Informal Capital Contribution Deduction



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- **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?



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

Feel free to call +31 (0)85 0030140 or
email us on:

info@mffa.nl