

# Doing business in the Netherlands

*Find out what you need to know.*



*Are you doing business or are you considering doing business in the Netherlands? Accon International can inform you about all the tax rules, HR aspects and permit requirements you need to think about. We would be more than happy to provide on-point advisory services and help you advance your business, with a focus on the future.*

## Our advice? Come to the Netherlands for doing business!

- The Netherlands is a world leader in a number of sectors
- The Netherlands has a favourable tax regime for foreign companies
- The Netherlands offers an attractive investment climate
- The Netherlands offers many highly educated, multilingual professionals

Thanks to its wide network of nearly 100 bilateral tax treaties to avoid double taxation and to provide, in many cases, reduced or no withholding tax on dividends, interest and royalties.

In addition, the Netherlands has a broad participation exemption; a 100% exemption for qualifying dividends and capital gains. This is a great advantage for (European) (head) offices and companies.



## What Accon International has to offer

Accon International is a division of accon■avm, a Dutch consulting and accounting firm boasting more than 1,000 professionals who are experts in their respective fields.

Your accon■avm adviser:

- Speaks English and German
- Knows all about your particular sector
- Is well-versed in how to do business in the Netherlands
- Works in multidisciplinary teams: tax services, accounting, corporate finance, auditing, HR, payroll and legal services
- Has contacts with the Dutch Tax Authorities

## Large network of expertise

accon■avm is the only Dutch member firm of GMN International, an association of legally independent accounting firms. Due to this network, accon■avm has easy access to experts around the world if cross-border issues come up. Additionally, international business partners can consult with accon■avm if they have clients who are interested in doing business in the Netherlands.

## Checklist: Doing business in the Netherlands

**You want to expand your business or tap a new market in the Netherlands. What important aspects do you need to consider, for instance when it comes to tax law, HR and payroll accounting, before taking the leap? Accon International has compiled a list of nine aspects for your consideration.**

The Dutch tax system is a complex regime; there are dozens of tax allowances, exemptions and facilities to think about. But it also offers some great tax incentives and special schemes for foreign businesses. We can help you make the most of your options.

### 1 Corporate income tax return

One of the best-known taxes for businesses is corporate income tax.

This is a tax liability on the profit your business generates. Be smart about your tax strategy and let us help you become as tax-efficient as possible.

We will be happy to advise you on the application of the fiscal unity regime and participation exemption to your business.

## 2 Special facilities and schemes

The Dutch tax system also offers special facilities and schemes for foreign businesses and investors.

Some examples:

- 30% ruling for expats
- Rulings: Advance Pricing Agreement and Advance Tax Ruling
- Statement showing in which country social security contributions are due (A1 statement)
- Profit-sharing
- Intercompany pricing
- Motor vehicle tax on company cars
- Tax representation for VAT purposes

## 3 VAT

The VAT rules in the Netherlands seem so much simpler than they actually are. International activities in particular raise complex issues. In which situations do which VAT rules apply? In which country do you, as a foreign entrepreneur, pay VAT? And what are the rules for an international webshop, for example? How does the refund of foreign VAT work? Avoid unpleasant surprises and get proper advice on VAT issues.

With the introduction of the Electronic Commerce Directives Act, the European Commission aims to modernize and simplify the levying of VAT, thereby creating a more fair 'playing field' for entrepreneurs inside and outside the EU. In addition, VAT-fraud on parcels with small values will be countered.

The current Mini One Stop Shop (MOSS) scheme will be expanded. VAT due in other EU-countries can be declared via the Dutch Tax Authorities instead of in the other EU-country. The Dutch Tax Authorities will ensure that the VAT ends up in the correct EU-country.

Our tax advisors are happy to answer all of your questions on VAT related issues and can advise you about the new E-Commerce rules.

## 4 Reverse charge mechanism

If you receive goods from outside the European Union in the Netherlands on a regular basis, you can request to apply the reverse charge mechanism under Article 23

of the Dutch Turnover Tax Act. If your request is granted, you are allowed to declare the VAT on the imported goods in your periodic VAT declaration rather than having to pay it to customs upon import. This is advantageous for your cash flow position.

If your company is not based in the Netherlands, accountants offer you the option of acting as your tax representative for VAT purposes. We would be happy to tell you more about tax representation.



## 5 Transfer pricing

If you do business in the Netherlands, you are required to comply with the international transfer pricing requirements. These requirements are based on the 'arm's length' principle: transactions must take place under the same conditions that would have applied between unrelated parties. With a carefully drafted transfer pricing policy, you can always justify your transfer pricing methods.

We can help you recognize possible DAC6 reportable transactions, assess the effects of BEPS and explain how ATAD legislation may affect your business.

## 6 Country-by-country reporting

If your company is a member of a multinational group with a consolidated worldwide revenue of € 50 million or more, you will be required to include additional transfer pricing documentation in your accounting records, such as a group file and a local file. Multinationals with a worldwide revenue of



€ 750 million or more are expected to submit a country-by-country report.

We can help you set up a local file and the group file and determine whether a country report must be submitted. The structure of this report is highly regimented; we know all the ins and outs, and can help you put the report together.

## **7 Advance pricing agreement and advance tax ruling**

In the Netherlands, it is possible to conclude a 'ruling' with the Dutch Tax Authorities, giving you certainty about the application of tax regulations to your business. There are two types of rulings: an Advance Tax Ruling or an Advance Pricing Agreement. We can provide support in the entire process of applying for and concluding a ruling.

## **8 Research and development tax incentives for R&D activities**

The Netherlands is a very attractive place to conduct research and development (R&D) work and for investments. The Dutch tax system features several tax incentives to stimulate innovation and business activities.

Under the so-called innovation box, the taxpayer may opt, under certain conditions, for the application of a lower effective tax rate on taxable profits derived from these intangible assets. The effective tax rate of the innovation box is a maximum of 9%, by means of a reduction of the tax base.

Apart from the innovation box, the Dutch tax system also stimulates R&D activities by providing for a reduction of wage tax due on the wages of employees engaged in R&D of technologically new products. It makes the Netherlands the ideal location for R&D activities.

## **9 International payroll and staff secondments**

Are you planning to second staff to, or create a presence in, the Netherlands? If your employees are subject to Dutch law, you

will be governed by requirements in such areas as payroll processing, registration requirements, tax remittances and employer-related issues.

The Dutch tax system has a qualifying foreign tax liability. This means that individuals who live in the EU, EEA, Switzerland or the BES Islands and who earn 90% of their world income in the Netherlands are eligible for deductions and tax credits that are normally only available to Dutch tax residents.

The regulations concerning foreign tax liability in the Netherlands are experienced as complex, our advisors are of course ready to help and advise you where necessary.



## Tip: Accon International's Employer Service

You might want to outsource some or all of your HR processes to Accon International's Employer Service. We will communicate with you in English or German. The services we can provide include:

- Applying for payroll tax ID numbers
- Submitting payroll tax statements
- Drafting health and safety contracts
- Processing sickness and occupational disability reports
- Drafting employment contracts and employer's statements
- Putting together a pay and benefits package
- Applying a salary split
- Taking care of all your payroll accounts
- Requesting quotations for a sick pay policy
- Advice on work-related costs scheme

The work-related costs scheme allows the employer to make tax-free payments and benefits in kind.

Another major advantage of the Netherlands is that it has an excellent compulsory social security system, to which both employer and employee must contribute. Social contributions are maximized, making the Dutch system relatively inexpensive compared to other European social security systems.

Will your employee be working abroad for your company, or will you be hiring foreign workers in the Netherlands, for example? If so, you need an A1 certificate. An A1 certificate (Certificate of Coverage) proves in which country social insurance contributions are paid. Without an A1 certificate, you or your employee will not be allowed to work in certain countries. Our specialists can find out if an A1 certificate is needed and can apply one for you and your employees.

## About accon■avm

accon■avm advisers are always on hand. They show personal involvement, offer expert advice, demonstrate entrepreneurial spirit and have a keen eye for innovation. By being who they are, they broaden your scope for doing business. This is how we can help you grow your company, with a focus on the future.

## Take the leap and start doing business in the Netherlands

Please do not hesitate to send an email to [international@acconavm.nl](mailto:international@acconavm.nl) or call 0031 884 469 002 if you want to find out what Accon International can do for you. Our experts would be happy to answer any questions you may have in English, German or Dutch.

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## Newsletter

Several times a year accon■avm sends an International newsletter. It offers interesting and up-to-date articles about the changes taking place in Dutch legislation and how they could affect your business. Would you like to receive this newsletter? Please subscribe on our website: <https://acconavm.com>.



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