

Starting a Business in The Netherlands

– A Complete Guide –

Requirements

There are a few requirements to incorporating and running a BV company.

- The BV needs to hold a valid and unique business name.
- 0,01 euro (so only 1 eurocent!) minimum share capital.
- At least one share with a voting right.
- The Articles of Association and a Deed of Incorporation (in Dutch) must be drafted before a public notary. The notary needs to be sure you understand what you are signing. Therefore, a translation or translator is required.
- A registered address in the Netherlands. This can be a residential, office or other type of address. We do recommend you to make sure that the business' address reflects the nature and scale of the business.
- Substance requirements. The Dutch Tax Authorities usually require you to comply with a set of rules to make sure that your company is legit and has sufficient 'ties' with the Netherlands.

Choosing a business/trade name

The name you select for your company has to be unique in the sector and geographical region you are operating in. Furthermore, the name of your business (for example "Legalee BV") cannot already be registered in the Chamber of Commerce register. You can find the register at kvk.nl and search if your business name is still available.

The Kamer van Koophandel charges EUR 50 for the registration. This is a one-off payment. If you incorporate a BV company, the notary will take care of the registration.

Registering your trade name as a trade mark

If your trade name is essential to your business it is recommended to register it as a trade mark in the Benelux (Belgium, the Netherlands and Luxembourg). You can search the database of the Benelux Office for Intellectual Property to see if yours is already taken. If your main focus area lies within several other countries within the European Union (EU) you can consider registering your trade name as a EU Trade Mark.

In case your company will actively conduct business outside The Netherlands, Belgium and Luxembourg, you can additionally register your name/mark at the World Intellectual Property Organization (WIPO).

What are the substance requirements?

- At least half of the directors of the company should be resident of the Netherlands.
- The business address of the company is in the Netherlands.
- The Dutch resident directors should have the professional knowledge and skills to properly perform their duties. These duties at least include the decision making process regarding the company's transactions and follow-up.
- The company will have adequate support to run its business.
- The (most important) board decisions of the company are made in the Netherlands.
- The main bank accounts of the company are maintained from the Netherlands.
- The bookkeeping of the company must take place in the Netherlands.
- The company must comply with all its tax obligations in the Netherlands and is not treated as a tax resident of another country.
- The company runs a real risk with respect to its financing, licensing or leasing activities. The company has an equity at risk that corresponds to the functions performed.

Substance Requirement: Address

By law, a Dutch company should be registered at an address in the Netherlands. If you already have an official address in the Netherlands, you can use that address. In any other case we can provide office space for your new Dutch BV. If you do not have an office space available to you yet, we can provide you with this. Our (Virtual) Office Pack includes:

- Chamber of Commerce registration address
- Mail forwarding
- Access to the office in the center of Amsterdam
- Meeting rooms
- Flexible rental agreements to suit your needs
- Price: €125,00 per month

Substance Requirement: Local Director

At least half of the directors should have a Dutch residency. If you have two directors, one should officially live in the Netherlands. What nationality the shareholders have does not matter. If you do not have a local director there are so-called trust service providers who can help you with this.

Step by Step

Step 1: Quote + agreement on services

We will send you a personalised quote, based on the information provided to us. The prices of our services can be found in the table on the third page.

Your Dutch business will have to be registered at an address in the Netherlands. One of our services is providing a Virtual Office in the centre of Amsterdam. This will give you the opportunity to register your BV and to work and conduct meetings here while you are in the Netherlands.

Step 2: Shared Dropbox folder

After we have established your needs and you have agreed to our quote, we will invite you to your shared Dropbox folder where we will collect all your documents. A Dropbox folder is the easiest, and safest way, to collect the documents we need to establish your company in the Netherlands.

Step 3: Collect documents

We will inform you on which documents you need to collect, and how to collect them. Collecting the documents can be done relatively quickly. Legalising passports can be done within a matter of days in most cases.

Step 4: The Dutch notary

After you have collected all the required documents and uploaded these to your personal Dropbox folder, we will send these to the Dutch notary. After review, where the notary checks if all the documents are in order, an appointment will be made for the signing of the deed of incorporation of your Dutch BV. This is usually within a few days after all the documents have been received by the Notary.

Step 5: Incorporation

The incorporation of your Dutch BV can proceed in one of three ways:

In person; you will come to the notary's office to sign the deed

Advantages: you won't have to legalise your documents and you won't have to pay for a Power of Attorney.

Disadvantages: an interpreter has to be present at the meeting if you do not speak Dutch, since all documents must be read out in Dutch. An interpreter can be quite costly (price on request).

Remotely; an employee at the notary's office will sign on your behalf through Power of Attorney.

Advantages: you will not have to travel to the Netherlands to get your company incorporated. This will save on time and travel expenses. Moreover, there is no need to hire an interpreter and you will only have to pay for a translation of the deed.

Disadvantages: you will have to get your documents legalised which may take some time and may cost some money, depending on the country.

Remotely, in the Netherlands; you are able to visit the notary's office in the Netherlands to show your documents but will not be present at the meeting.

Advantages: you will not have to take steps to legalise your documents, since you can meet with the Dutch notary in person. Also, you will not have to pay for an interpreter since you won't be present at the meeting itself.

Disadvantages: You will have to travel to the Netherlands.

Step 6: After signing the deed of incorporation

The deed will be sent to the address of the BV. The notary will register the BV on your behalf into the Trade Registry of the Chamber of Commerce.

You will get a VAT (or BTW in Dutch)-number from the Belastingdienst within 5 working days after the registration of your BV.

Documentation & Information

In order to incorporate your BV, the notary will need to be provided with documents and information about you and your proposed company. The purpose of providing these documents is to give the notary the information they need in order to correctly identify the shareholder(s). The identification of a natural person is easier than the identification of a company as shareholder, therefore less documents are required.

There are different ways to proceed with the incorporation of a Dutch BV; this can be done in person at the office of the notary or remotely, either from abroad or while being in the Netherlands. In some cases it will be more cost effective to do the incorporation remotely, please get in touch to know which option is right for you!

	In person signing	Remote signing	Remote signing (in NL)
Legalised Passport	No	Yes	No (in most cases)
Apostille	No	Yes	No (in most cases)
Power of Attorney	No	Yes	Yes
Translation of Documents (€100,00 for English)	No	Yes	Yes
Interpreter	Yes	No	No

Reasons to choose the Netherlands for your business

The Netherlands has a very business-friendly climate.

The World Economic Forum ranks the Netherlands as the 5th most competitive and innovative economy in the world. There are two other European countries, Switzerland and Germany, in the list. So why not choose them? The simple reasons are that Switzerland is not a member of the EU, does not use the euro currency and is one of the most expensive nations in the world. Germany generally has a very solid economy, but is less business-friendly than the Netherlands. For example: Germany has a corporate income tax rate that is around 10% higher than the Netherlands.

The Netherlands is a part of the EU

The Netherlands has always been a trading nation. Because of this our country has built up a very good relationship with most countries abroad. The Netherlands was one of the founding members of the European Union. As an international operating your business in the Netherlands you will find the many advantages of being part of this 'family of countries'. Probably the main advantage is the so-called European Single Market. This guarantees free movement of goods, capital, services and labour within the EU countries. As a business this means that you can, for example, easily and freely import and export throughout the EU and employ nationals from other countries in the Union.

The Netherlands is a logistical hub

The 'mainports' of Schiphol and the international sea harbour of Rotterdam are two of the most important corridors in goods flowing through Europe. If you are an international trading company the proximity to Rotterdam can truly be an advantage. Schiphol is in the top 3 of biggest airports in the world. The airport is located only 10 minutes from Amsterdam's city centre and offers direct flights to all continents.

Population & Workforce

The Netherlands has a well-educated population. Most Dutch citizens speak English very well. Labor laws have become increasingly flexible, which benefits potential employers.

The differences between the Dutch legal entities

BV/LTD

Advantages:

- **LIABILITY**
The biggest advantage of a BV is that your private assets can not be used to pay business debts, in contrast to many other legal forms where private debt can be used for business debts

Disadvantages

- **TAX**
If the net profit is less than roughly € 100,000, more tax might be paid in a BV than in a different company
- **ADMINISTRATION**
More administration is expected from a private limited company than with other forms of enterprise. Consider, for example, the drafting and depositing of annual documents to the Chamber of Commerce.

VOF/Partnership

Advantages:

- **LOW-THRESHOLD**
Registration at the Chamber of Commerce is cheap (€ 50, -) and no starting capital is required
- **FLEXIBLE**
Easy to start a business with several partners by drawing up a form-free company contract
- **TAX ADVANTAGES**
In the form of tax deductions by means of the self-employed deduction, start-up allowance, SME exemption and small business arrangements

Disadvantages

- **LIABILITY**
Each partner is liable with his / her private assets for debts of the VOF, regardless of whether the debts have been caused by this partner.
- **INVESTMENTS**
- As with the Eenmanszaak, it can be difficult to find investors for a VOF. In a VOF, investors must lend money while with a BV they would receive a minority stake in shares. Loans at a bank are also more difficult to obtain than when the company is a BV.

Eenmanszaak (Sole proprietorship)

Advantages

- **SIMPLICITY**
Establishing a sole proprietorship is very easy. There is only one person owner, so nothing needs to be put on paper about the responsibilities and distributions.
- **TAX BENEFITS**
There are deductions for independent entrepreneurs. The most important is the entrepreneur's allowance or self-employed deduction, which can amount to about 10,000 euros per year.

Disadvantages

- **LIABILITY**
As the owner of a sole proprietorship you are personally liable for all matters of the company. If you want to establish a risky company, it might be more sensible to think about setting up a BV, this is a legal form in which the company is in principle responsible and not the owner.
- **INVESTMENTS**
It can be difficult to find investors for a sole proprietorship. In a sole proprietorship, investors must lend money while with a BV they would receive a minority stake in shares. Loans at a bank are also more difficult to obtain than when the company is a BV.

BV or NV: Choosing the Right Legal Entity

There are two types of limited liability companies in the Netherlands. Which type of entity should you incorporate: a BV or a NV?

The BV is an LLC; a limited liability company. One of the main purposes is keeping liability for the owner limited. The “besloten vennootschap” or BV is the Dutch equivalent of an llc. It is broadly comparable with the private limited liability company in the United Kingdom, the German Gesellschaft mit beschränkter Haftung (GmbH) and the French société a responsabilité limitée (SARL).

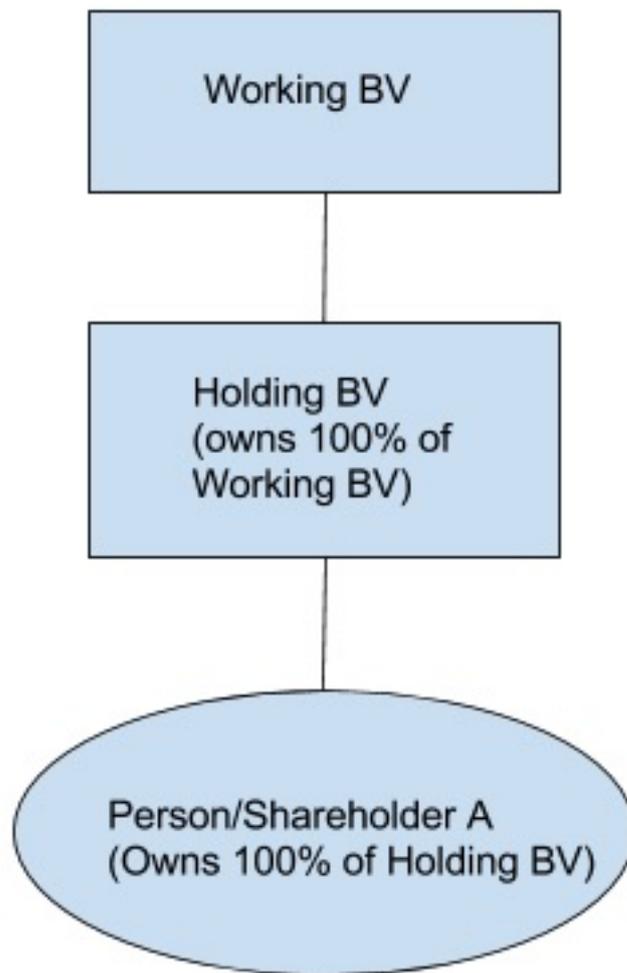
Next to the BV, Dutch Companies can also be a ‘naamloze vennootschap’, or NV. The NV is comparable to the American ‘Corporation’. The legal entity of companies traded at stock exchanges is NV. This legal entity is also comparable to the British public liability company (plc), the Aktiengesellschaft (AG) in Germany and the French Société Anonyme (SA).

BV and NV: differences between two limited companies

The BV can only issue registered shares. This in contrast to the NV, which can issue registered AND bearer shares. NV shares are freely transferable, for example through the stock exchange. Since 2012 (introduction flex BV) shares of a BV are freely transferable as well. Whether or not you can transfer BV shares freely depends on what rules are drafted in articles of association. Often transfer restrictions limit shareholders in this freedom. If so, a shareholder cannot transfer shares without the consent of the other shareholder(s). They have a first (pre-emptive) right to buy the shares from the selling shareholder.

A BV has become an even more attractive business entity since 2012 when the flex BV was introduced. There is no minimum share capital required to set up a BV limited liability company anymore. From a legal perspective the NV and BV do not differ a lot. For most small and medium sized companies a BV structure is the best solution.

BV Holding Structure



Creating a BV Holding Structure can be a money-saving and safe way to run your business in The Netherlands. Technically speaking there is only one type of BV. From a legal perspective it does not matter how and why you use it. All BV's are therefore the same. However, the purpose can differ. In practice there are types of BV companies that stand out:

'Holding BV' and 'Working BV'

In practice we often see the following structure, called the BV Holding structure:

- Two Dutch BV Companies are incorporated.
- One BV company is being used as a Working company.
- The other BV company is a Holding company.
- The entrepreneur owns the shares of the Holding BV.
- The Holding BV owns the shares of the Working BV.

In case not one but two equal shareholders (A & B) starting up one 'active' company, you would see:

- One 'Working BV' with real business activity.
- Below that two Holding BV's. Both holdings own 50% of the Working BV.
- Holding BV 1 is owned 100% by shareholder A, Holding BV 2 is owned 100% by shareholder B.

Why a Dutch BV holding structure?

There are two main reasons why entrepreneurs choose to structure their business as a Dutch holding structure: **Tax** and **Risk**.

First, there can be tax advantages to a holding structure. The most important one is the participation exemption (in Dutch: deelnemingsvrijstelling). For example, profits made from the sale of the company that are transferred to your holding BV will not be subjected to profit tax. Learn more about this in our tax paragraph.

Secondly, you have less risk when you operate from a Dutch holding company structure. The holding company functions as an extra layer between you, personally, and the business' activity. Your BV's can be structured in such a way that it will protect the company's equity. Your built up pension provisions or profits will be shielded from your business' risks.

When is a Dutch BV holding structure suited for my company?

- There is a good chance that you will sell your company one day. The profit you make from selling your business can be transferred to your holding company tax free. This is called the 'deelnemingsvrijstelling' (participation exemption).
- If your holding BV has a stake in multiple BV companies you do not have to pay out a salary from each of the stakes. This will save you in your income tax and administrative burden and fees.
- There is a need to protect your capital from risk.
- You want to have a company structure that is fiscally flexible.

Office space

By law, a Dutch company should be registered at an address in the Netherlands. If you already have an official address in the Netherlands, you can use that address. In any other case we can provide office space for your new Dutch BV. If you do not have an office space available to you yet, we can provide you with this. Our (Virtual) Office Pack includes:

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- Access to the office in the center of Amsterdam
- Meeting rooms
- Flexible rental agreements to suit your needs
- Price: €125,00 per month

Bank

Opening a bank account for your Dutch Company

It is quite easy to open a business bank account for your new Dutch business. The only real requirement is that your company is officially registered at the Dutch chamber of commerce (Kamer van Koophandel). In general, as the director of your BV, you will go to the bank yourself. It is recommended to setup the account yourself. It is often possible to do this remotely. However, banks can require you to be present.

Dutch Bank account: Which bank for my BV in The Netherlands?

There are several large banks. Most notably [ABN AMRO Bank](#), Rabobank and ING Bank. They all have business packages that are more or less similar. The monthly fare will be around 10 euros or less. You often pay extra for online banking (internetbankieren) and a debit and/or credit card. These banks can also make you an offer for insurance (liability, personnel, disability, stock etc.).

Additionally banks like KNAB, SNS and [Bunq](#) offer business banking solutions for a tighter budget. If you are looking for a bank account without any fuss, these are cheap alternatives with decent service. For example, Bunq works 100% online via an app. It is therefore possible to open a bank account remotely without ever visiting a bank office. However, do not expect much from them when it comes to services such as insurance, loans or investment advice.

Finally, there are a few specialized business banks. Their activities are more focused on business, investment and wealth management. Examples are [Van Lanschot Bankiers](#) and MeesPierson. Their fees are a lot higher than the banks above, but if you are looking for a bit more dedicated banker, they are a good pick.

Can I open an offshore account with a Dutch bank?

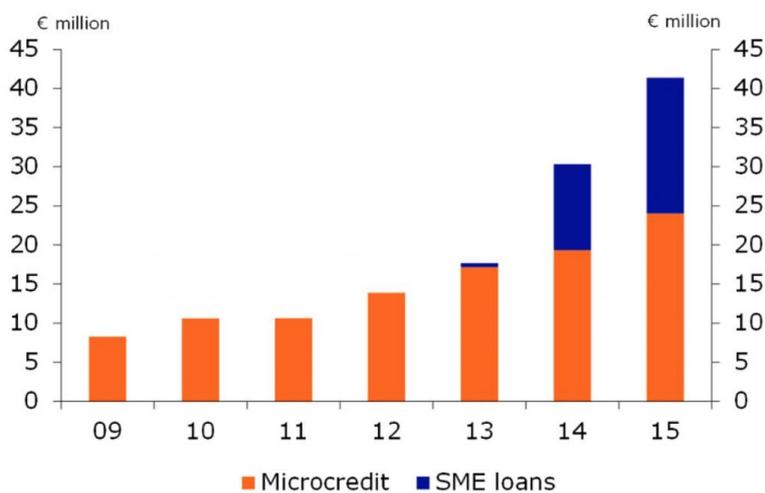
Yes, several major Dutch banks as well as smaller ones offer this service.

Loans and credit for a Dutch BV

'Traditional' financing

The traditional banks still play a large role in 'fuelling' small and medium-sized enterprise in the Netherlands. Since interest rates are still relatively low it is a relatively cheap and accessible way to gain access to capital. Although some bank do finance on a business plan alone, it is always much easier to obtain a loan when you can guarantee for it. For example a property, house, cash or other personal assets. Your professional experience and level of education also weigh in on the decision whether or not to hand a loan to you.

The main Dutch banks provide loans to businesses: ABN AMRO, ING, Rabobank, Triodos.

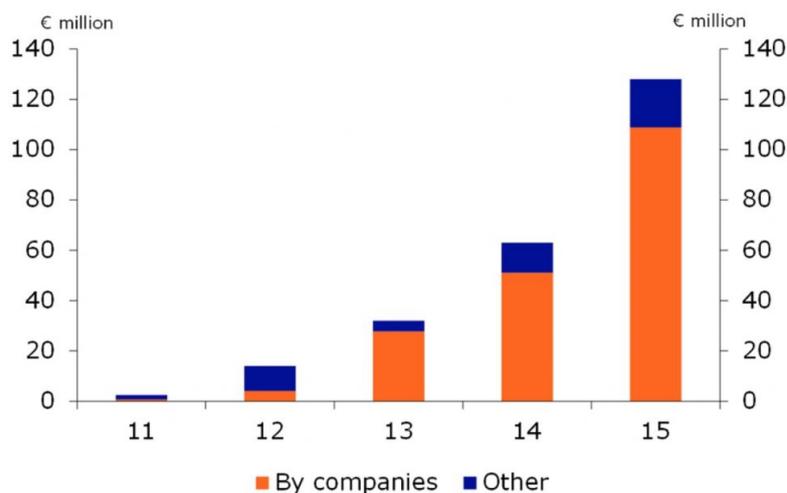


Qredits Microcredit / SME-loan

If you are not eligible for a business loan at the big banks, you can turn to Qredits. This is a financing institution partially financed by the government and the banks. To get a loan at Qredits you need to have a rejection from one of the big banks first. Qredits gives out 'Microcredits' up to €50.000 and SME-loans up to €250.000. The procedure is relatively simple. However, the interest rate on your loan could be a bit more harsh (+/- 9%).

Crowdfunding

Over the last few years we also notice a growing popularity in new ways of raising money. Crowdsourcing has increasingly become a reliable source of funding for many startups and even established businesses. Crowdfunding comes in many forms and sizes. The main types are a loan, a convertible loan, pre-sale and donation. All types have different tax implications. Find an overview of the most-used crowdfunding platforms in the Netherlands [here](#). You can always [contact](#) our tax advisors to make sure that you pick the type of crowdfunding that suits you and your business' needs best.



Other Investment for Dutch BV

Another possibility is to get a direct investment. The Netherlands has a fairly well developed Venture Capital market with plenty of access to capital. A good place to start your search is the Business Angels Network Nederland

Visa

Am I eligible for a Dutch Visa?

In order to secure a Dutch (entry and) residence permit as a self-employed person, start-up company or limited liability company the Dutch Immigration Authorities (IND) requires that the applicant meets certain conditions.

Activities of the company are scored by the Netherlands Enterprise Agency (RVO) on their innovative nature, and their added value to the Dutch economy. The RVO bases their score on:

- Added value for the Netherlands (creating of jobs and innovation)
- The experience of the person applying for a permit (work experience and/or experience as an entrepreneur)
- The Business plan (financing, marketing etc.)

The different permits

Start-up permit

One of the requirements for obtaining a residence permit is working together with a business mentor: a facilitator. The facilitator must have experience in guiding innovative start-ups. The facilitator can, for example, offer help with operational management, marketing, research and investment acquisition for setting up an innovative business.

Furthermore, the RVO requires that the Start-up:

- Offers a product or service that is innovative
- Has a step-by-step plan to develop their idea into a business;
- And the facilitator are registered in the Trade Register of the Chamber of Commerce (Kamer van Koophandel);
- Has sufficient financial resources to reside and live in the Netherlands for one year.

Self-employed permit:

This is the commonly used regular work and residence permit for applicants who will run their business (self-employed or limited liability company) in the Netherlands. The applicant will need to prove that the business activities will serve an essential Dutch interest by means of an elaborate and sound business plan and third party financial prospects. Financial evidence supporting the application must be checked by a certified external expert (a chartered accountant, an accounting consultant, an accountant or a financial advisor).

Simplified procedures are applicable for **US** and **Japanese** nationals under this category

Investor Visa/ Wealthy Foreign Investor

The wealthy foreign investor's immigration category, introduced in 2013, allows foreign wealthy investors to receive Dutch residency rights by investing in the Dutch economy under certain conditions. The application itself will be assessed by the RVO, who will

review the application on several grounds (e.g. business plan, innovative plan etc.). In general, all investments will be assessed on whether there is any added value for the Dutch economy in order for the wealthy investor to receive a Dutch residence status.

- Individual invests at least 1,250,000 EUR in an entity/ company in the Netherlands
- Money transferred to a Dutch or EU bank
- The investment is of relevance to the Dutch economy
- The origin of the money/ investment is not malafide (i.e. not from illegal activities)
- Individual has sufficient and steady means/ income

Pricing

Service	Price (excl. 21% BTW/VAT)
Incorporation non-corporate shareholder	€799,00
<i>+Extra shareholder</i>	<i>+ €100,00 per shareholder</i>
Incorporation corporate shareholder	€999,00
<i>+Extra shareholder</i>	<i>+ €100,00 per shareholder</i>
Research costs	€12,50
Power of Attorney	FREE
VAT Registration	FREE
Optional services	Price
Office space	From €125,00 per month
Translation of documentation	€100,00
Bookkeeping, Quarterly VAT return and Income Tax for main director	€150,00 per month
Corporate Income Tax (including annual financial statement & deposit at chamber of commerce)	€850,00 per year
General Tax advice	€99,00
Payroll services	€25,00 per month (€95,00 setup costs)

Example: BV with one shareholder (person)

A client from Spain wants to set up a one-shareholder bv company to start an e-commerce business in The Netherlands. The client will personally be the sole shareholder. He is currently on a business trip and cannot be present in The Netherlands. He does not speak the Dutch language. He is fluent in Spanish and has a good understanding of English, written and verbally. He already has an address to register the business at.

Costs

- Incorporation at the Notary: EUR 799
- Research costs: EUR 12,50
- Translation of incorporation documents to English: EUR 100
- VAT registration: Free
- Power of Attorney: Free
- Total costs: EUR 911,50 (excluding VAT)

Tax

The Netherlands has one of the lowest Corporate Income Tax rates

With a rate of just 20% for profits up to €200.000 euro and 25% for profits over €200.000 the Netherlands applies one of the lowest tax rates to corporate profits in Europe. This rate applies for BV and NV companies. Let us compare some of the corporate tax rates across Europe.

Deelnemingsvrijstelling

One of the most used tax advantages is the so-called deelnemingsvrijstelling. In short, this is a Dutch tax regulation that exempts an entity that has a stake of at least 5% in another entity to pay tax over the profit paid out to the receiving entity. This tax-regulation is often applied with mother and daughter companies.

Example Deelnemingsvrijstelling

Mother BV has a 100% stake in Daughter BV. Daughter BV makes €100 profit and pays €20 in corporate income tax (20%). Daughter BV pays out the EUR 80 as dividend to the 100% shareholder, Mother BV. The €80 that Mother BV receives is exempt from corporate income tax.

So the total taxation for this structure is 20%. If this 'deelnemingsvrijstelling' was not in place, the total taxation would amount to another EUR 16 (20% of the €80 dividend) which would make the total tax rate 36% and the taxes to be paid €36.

This is advantageous for the mother company in case of a profit-turnout. Additionally it could save a lot of money when the mother company decides to sell the daughter company. The entire profit from the sale of the daughter company will flow tax-free to the

mother company. The daughter company has already paid corporate income tax over the value increase of the company (the profit) in the years prior to the sale. Taxing the profit again when the daughter company is being sold would mean double taxation of the profits.

Deelnemingsvrijstelling international

The deelnemingsvrijstelling gives internationally operating companies an extra advantage if the daughter company is located in a country with lower corporate income tax than the rate in the Netherlands. This means that the profit of the daughter company will be taxed at the low rate of the foreign country. Afterwards the post-tax profit can be channeled to the Dutch mother company. The amount that flows to the mother company will then NOT be taxed in the Netherlands.

Startup-advantage

In 2017 a new advantage for startups took effect. Since then the director / major shareholder (DGA) of an R&D-focused private limited liability company (BV) is allowed to only earn (pay himself) the legal minimum wage (€1551 gross per month) in the first 3 years after the start of the company.

Let's say a company makes a healthy profit and the director/shareholder decides to pay himself an extremely low salary or no salary at all and live off the dividend. He will then only have to pay the, very low, corporate income tax. To make sure everyone pays their fair share and to avoid tax avoidance, director/major-shareholders are supposed to pay out a salary to themselves of +/- €44.000. The amount paid out to the director/shareholder is taxed with the higher income tax. This is the general rule and there are many exceptions to it. You can argue at the Tax Authorities (Belastingdienst) that you do not have the means to pay out such a salary.

This startup scheme can be used without first consulting the tax authority. The idea is that the company will have more money available aimed at growth. For a private company, the minimum wage is generally EUR 44 000 gross per year (exceptions exist). The DGA can use this scheme without first consulting the tax authority. As a result, the company has more money available for business growth. The measure is aimed at a director-major shareholder (DGA) of a BV doing research and development and is part of the effort to reduce taxation on R&D.

Innovation Box: 5% tax

All the profit your BV makes with the development of innovative activities are taxed in the so-called Innovation Box. The corporate income tax tariff on those profits for 2017 is only 7%.

Personal Income tax

The Dutch personal income tax system works progressively and uses 4 brackets. It is built up based on your total income. So you pay a lower percentage over the first part than over a higher part of your income.

30%-ruling

Officially the 30% facility for incoming employees. This tax benefit gives employers the possibility to give an incoming employee from abroad to the Netherlands a tax free refund of the expenses the employee has made in making the transfer. Also, and more importantly, as an employer you can give your employee 30% of the wage including the reimbursement, completely tax free. Furthermore, for the latter you do not have to prove that you have actually made those costs. Both employer and employee have to submit an application to qualify for this facility.

Royalty Tax: 0%

VAT

VAT is called 'BTW' in Dutch. The standard rate for most goods and services is 21%. This is a below-average rate within Europe. Many goods have a lower VAT of 6% or even 0%. For example: books and shoe repair have a 6% VAT. Most businesses pay a quarterly VAT return. You usually submit and pay the VAT tax one month after the end of every quarter. We offer bookkeeping and tax services so you can use your time on building your business instead of spending hours on administration and tax filings.