

# HOW TO OPEN A COMPANY IN **THE NETHERLANDS**



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## How to open a company in the Netherlands

The [Netherlands provides many investment opportunities](#) and advantages for foreign enterprisers looking for new expansion possibilities. Below you can find several types of **companies that can be registered in the Netherlands** and the incorporation procedure for each one of them.

### 1. The limited liability company in the Netherlands

The **Dutch limited liability company** (beslotenvennootschap, BV) is, perhaps, the most employed type of company and best suitable for small and medium-sized enterprises. Among the advantages provided by a [Dutch limited liability company](#) are the tax facilities foreign investors can benefit from and the few conditions for establishing this type of company.

#### 1.1. What are the requirements for establishing a BV in the Netherlands?

Starting with the end of 2012, **the minimum share capital for establishing a limited liability company in the Netherlands is 1 euro**. The share capital requirements have been enabled to speed up the **registration procedure of Dutch BVs**. The share capital when **setting up a BV** can be formed of both cash and assets. According to the [Companies Law in the Netherlands](#), the minimum **requirements to establish a limited liability company** are for the business to have at least one shareholder and a management board. For **Dutch BV** with over 50 employees, the Companies Act stipulates the company must appoint a supervisory board.



#### 1.2. What are the required documents for setting up a BV in the Netherlands?

The documents and information to be submitted with the Dutch Trade Register when **incorporating a Dutch BV** are:

- the company's name,
- the Articles of Association of the company,
- copy after the shareholders and directors' identification documents,
- the registered address of the company.

The incorporation procedure may take 8 days at most.

### 2. The subsidiary in the Netherlands

The **Dutch subsidiary** is legal entity partially owned by a foreign company, in other words, a part of the share capital has been deposited by a parent company in another country. There are two ways of [opening a subsidiary in the Netherlands](#): by **incorporating a private limited liability company** or by **incorporating a public limited liability company**.

**Registering a subsidiary** under the form of a private limited liability company is more suitable for small and medium-sized enterprises, as the minimum share capital of this type of company is 1 euro.

### 2.1. The types of subsidiaries in the Netherlands

The liability of the shareholders of a **private company** is limited to their contribution. Another requirement for a **private limited liability company** is to have at least one director.

The **public limited company registered as a subsidiary** by a foreign company requires a minimum share capital of 45,000 euros. The **Dutch public limited liability** is divided into registered and bearer shares and is allowed to issue certificate of shares. The **private limited liability company** is not allowed to issue shares. In case of public companies, the shares may be publicly traded and liability of the shareholder is limited to the capital they invested in the subsidiary.

**Subsidiaries** require at least two managers that form the **management board of the company in the Netherlands**. Optionally, a supervisory board may also be appointed.

### 2.2. The registration of a subsidiary in the Netherlands

The first step for the **registration of a Dutch subsidiary** is to open a bank account where the share capital will be deposited. Based on the deposited amount, the bank will issue a certificate of deposit. The second step will be for the company's founders to choose the name of the business and submit it for approval with the Chamber of Commerce. Once the name has been approved, the founders may begin the **registration procedure for the Dutch subsidiary**.

The first step for the registration of the company will be to obtain a No Objection Letter from the Ministry of Justice, before submitting all relevant documents with the Chamber of Commerce for registration. The No Objection Letter is issued in approximately three days. Once the letter is received, the Articles of Association of the parent company, the application and the foundation deeds of the **subsidiary** must be notarized.



All documents above together with certificate of deposit and the No Objection Letter are filed with the Dutch Chamber of Commerce.

### 2.3. Other requirements for subsidiaries in the Netherlands

Once the company is registered with the Chamber of Commerce, before starting its commercial activities it must [register with the tax authorities in the Netherlands](#). Also, the registration with the social security authorities is also compulsory. If hiring foreign employees, employment permits for them may be required.

### 3. Branch offices in the Netherlands

The **branch office** is an extension of a foreign company **in the Netherlands**. The **Dutch branch office** is not considered a legal entity, which is why the parent company will be held liable for the **branch office's** actions. Furthermore, the **branch office's** management will be handled by a representative appointed by the parent company through power of attorney. The representative will be subject to the laws of the parent company. On the other hand, all other [employees in the Dutch branch office](#) will be subject to the national laws.

#### 3.1. Taxation of branch offices in the Netherlands

**Branch offices** are subject to the same financial obligations as other [companies registered in the Netherlands](#). All financial records must be kept for at least seven years. Annual financial statements must be filed with the tax authorities within maximum six months from the end of the fiscal year. **Branch offices** of foreign companies must also submit the latest balance sheet and the statements of losses and profits of the parent company with the Chamber of Commerce in the Netherlands. The **Dutch branch office** must also register with the social security office in the Netherlands.



#### 3.2. The registration of a branch office in the Netherlands

Before commencing any activity, the **Dutch branch** office must register with the local Chamber of Commerce. Upon registration the **Dutch branch** will receive a legal person's information number (Rechtspersonen Samenwerkingsverbanden Informatienummer, RSIN). The Chamber of Commerce will send all relevant information about the branch office to the tax authorities that will decide whether the branch must register for corporate income tax scopes, for the value added tax and wage tax purposes.

#### 3.3. What are the documents required for branch registration in the Netherlands?

The documents required for the [registration of a branch office in the Netherlands](#) varies from case to case and depends on the business activities, the services or products of the parent company. The documents to be submitted with the Dutch Chamber of Commerce are:

- the registration certificate of the parent company,
- an extract proving the existence of the parent company issued by the Trade Register in the jurisdiction where the company was registered,
- the name of the parent company and its registered office,
- the name and addresses of the board of directors of the parent company,
- the name and details of the company secretary, if applicable,
- the minute of the meeting where the establishment of the **Dutch branch office** was decided,
- the power of attorney appoint the branch representative,
- the activities to be carried by the **Dutch branch office**.

## 4. Liaison office in the Netherlands

Foreign companies not wanting to [register a company in the Netherlands](#) have the possibility of **establishing a liaison office**. Through a **liaison office** a foreign company may promote its business activities in the Netherlands. According to the Companies Law in the Netherlands, **liaison offices** are not legal entities and depend on the parent company.

**Liaison offices** are usually employed for market research activities and to conclude contracts with partners **in the Netherlands**.

### 4.1. How to register a liaison office in the Netherlands

**Dutch liaison offices** are not required to register with the Chamber of Commerce and are not subject to taxation. In case the **liaison office** employs individuals it only must register for taxation purposes with the Dutch tax authorities. Under certain circumstances, a [Dutch liaison office](#) may apply for VAT refund. In order to claim the VAT refund, the parent company must submit an application form with the tax authorities in the Netherlands.

## 5. Holding companies in the Netherlands

**Holding companies** are the best vehicles for foreign businessmen wanting to benefit from the double taxation treaties their country of origin has with the Netherlands. **Holding companies in the Netherlands** are also subject to some of the lowest taxes in the world. Among the reasons for [setting up a holding company in the Netherlands](#) is the exemption from the withholding tax applied to dividends. **Dutch holding companies** also benefit from low maintenance costs.



The main activities **Dutch holding companies** may undertake are collecting dividends and receiving interests from subsidiaries.

Few years ago the Companies Law was amended in order to offer a **simpler incorporation procedure for holding companies** which led to an influx of foreign investors.

### 5.1. How to register a holding company in the Netherlands

The **registration procedure for holding companies** is quite simple **in the Netherlands**. **Holding companies** may be registered as **private or public limited liability companies**. The minimum share capital requirement for a public company is 45,000 euros, while the minimum share capital requirements for private companies have been cancelled. Also, beginning with 2012, **Dutch holding companies** are no longer required to submit bank declarations or auditor declaration. **Holding**

**companies in the Netherlands** may issue shares in any currency. The **Dutch holding company** must have at least one shareholder and a resident director.

## 6. Foundations in the Netherlands

**Dutch foundations or stichting** are legal entities set up for a specific purpose that must be declared in the Articles of Association. [Foundations in the Netherlands](#) have no members. In most cases, **Dutch foundations** have a social objective. Provided that certain requirements are met, **Dutch foundations** are also allowed to make profits.

**Foundations** are regulated by the Dutch Civil Code and are very easy to set up without previous governmental approval. From a legal point of view, **foundations** are similar with trusts. In order to be recognized, a **foundation** is only required to draft and legalize its deed of formation.

### 6.1. Requirements for setting up a foundation in the Netherlands

The founder of a **Dutch foundation** can be a natural person or a legal entity that donates a property or certain rights. The property donated by the founder, also called a “corpus” can be of any nature: real estate, cash, securities or other assets.

The beneficiaries are individuals who benefit from the purpose of the **foundation**. In the Netherlands, the founder may also appoint him or herself as a beneficiary. The **foundation** is also required to have a foundation council. The foundation council will administer and carry out the purpose of the foundation. The foundation council may be made up of individuals or companies.

The deed of foundation or charter is the equivalent of the certificate of incorporation of a company. The foundation charter must be registered in a public record and must contain all important information about the **Dutch foundation**. The information contained by the deed of formation is:

- the purpose of the foundation,
- the founding members,
- the beneficiaries,
- how the beneficiaries are appointed.

These information may also be mentioned in private or supplementary document.

### 6.2. Reasons to set up a foundation in the Netherlands

Two of the main reasons to set up a **Dutch foundation** are the low start-up and maintenance costs. Privacy is also guaranteed when **setting up a foundation in the Netherlands**. **Holding companies** may also be registered as **foundation in the Netherlands**, thus becoming very reliable tax planning instruments. **Foundations** associated with other companies for commercial purposes may also benefit from certain [tax advantages](#). **Dutch foundations** are also allowed to own properties and other assets and to set up bank accounts.

If you require help in **setting up any type of company** you can [contact](#) our **experts in company incorporation in the Netherlands**.

# Thank you for your attention!

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