



# Doing Business in the Netherlands 2025





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# Introduction

Doing business internationally broadens a company's horizon and offers unique opportunities to contribute to society, growth, innovation and confidence. When a company does business in the Netherlands, it joins one of the most open economies in the world. It offers excellent infrastructure - including Europe's largest port -, a competitive business climate and a strong workforce. The Dutch tax system has various incentives to encourage innovation and business activity. And as an internationally oriented country, the Netherlands hosts many - mostly highly skilled - foreign workers.

In a world where challenges follow each other in rapid succession, the Netherlands has proven to be a dynamic and resilient country. The Netherlands remains an excellent place to invest and can certainly be considered a gateway to Europe and a solid foundation for successful business in the EU single market.

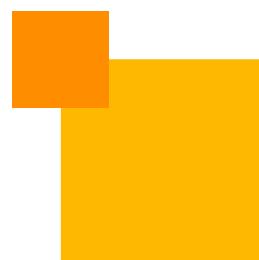
This guide aims to provide a broad understanding of the main aspects of doing business and investing in the Netherlands. We answer many questions foreign companies and entrepreneurs may have when taking their first steps on the Dutch market, drawing on our extensive experience in setting up businesses in the Netherlands, or even elsewhere in Europe.

You will find all important aspects of doing business in the Netherlands in this publication: the economic climate, major industries and business segments, what it is like to live in the Netherlands and various personnel aspects. It describes the most popular legal forms of companies in the Netherlands and key aspects of taxation, human resources, labour law and accountancy.

The 2025 edition of PwC's publication Doing Business mainly serves as a starting point. Should you require further information, our people will be happy to assist you.

On behalf of PwC NL, I wish you every success in setting up a sustainable business in the Netherlands.

Remco van der Linden  
Partner and board member of PwC's Tax and Legal practice, responsible for Markets





# Why invest in the Netherlands?

## Business climate

A favourable business environment, its strategic location, a highly educated multilingual workforce, its leading position on research and innovation, and superior logistics and technology infrastructure are just some of the many advantages of doing business in the Netherlands. Strategically located in Europe, the Netherlands serves as a practical entry point to the European market, with 95% of Europe's major consumer markets accessible within 24 hours from Amsterdam or Rotterdam. These factors position the Netherlands as an effective (digital) gateway to Europe.

The Netherlands stands as a premier destination for business activity. Consequently, many multinational businesses, from small and mid-sized companies to Fortune 500 leaders, have chosen the Netherlands as their gateway to Europe. In addition to its business-friendly environment, the Netherlands provides an affordable cost of living and a high quality of life. Ranked as the number 6 in the United Nations World Happiness Report 2024, the country continues to be recognised for its quality of life and work-life balance.

The Netherlands also offers a supportive legal and tax framework for establishing businesses. It offers a wide tax treaty network, a competitive tax system and certainty in advance of interpretation of tax law for sound business cases, including those related to the new global minimum tax Act (often referred to as Pillar Two) - just a few of the features that help multinational companies to be successful in the Netherlands.

## Talent and workforce of the future

### Workforce in the Netherlands

The Netherlands has a diverse, well-educated, digitally skilled, flexible, and multilingual workforce. It is internationally recognised for its talent competitiveness, ranking 5th in the Global Talent Competitiveness Index 2023, which evaluates the ability of countries and cities to nurture, attract, and retain talent. Factors contributing to its high ranking on growing talent include the quality of tertiary education, robust performance in formal education and lifelong learning, and the widespread use of virtual networks.

Research by Statistics Netherlands (CBS) and Eurostat indicates that the Netherlands is a leading country in

### Proximity to Clients & Customers

**170**  
million consumers  
within **500km**

**250**  
million consumers  
within **1,000km**





Europe when it comes to digital competence and online skills. While 83 per cent of the Dutch citizens has at least basic overall digital skills, 54 per cent has above basic skills. According to the EF English Proficiency Index, the Dutch are the best non-native English speakers worldwide. The country's strong international business climate is supported by this high English proficiency, which aids in attracting talent, fostering innovation, and ensuring smooth communication. It also helps create a diverse and collaborative international work environment. The Netherlands offers a 'Highly Skilled Migrant Visa', which allows companies to bring highly qualified expats to their Dutch operations.

The Dutch higher education system consists of highly regarded universities and educational institutions. Some universities rank in the top 10 of the QS World University Rankings on specific programs, like Wageningen University & Research in agriculture (1st position), TU Delft in architecture and built environment (3rd position) and mechanical, aeronautical & manufacturing engineering (3rd position), and Design Academy Eindhoven in arts and design (9th position). The close collaboration between the Dutch government, knowledge institutions, the industry/private sector and other parties, ensures that the country remains talent-competitive in the future.

The Dutch labour market is strong but very tight. In December 2024, the new Dutch cabinet sent a letter to the House of Representatives outlining its plans to alleviate the labour market shortage. The cabinet's plans focus on five key policies, addressing both labour demand and supply.

1. Improving the quality of work;
2. Strengthening the economy;
3. Increasing productivity, the cabinet will develop a productivity agenda before the summer of 2025;
4. Enhancing sustainable labour participation;
5. Improving labour market matching.

The cabinet plans to hold a labour market summit in the first quarter of 2025 to establish additional agreements with social partners and sectors.

### Diversity, equity and inclusion (DE&I)

The Dutch government strives to protect and promote human rights, such as equality, non-discrimination, freedom of speech and freedom of sexual orientation, both at home and abroad. It is also committed to promoting diversity, equity and inclusion within organisations.

As the expectations of employees, customers, and investors evolve, organisations are investing in diversity, equity, and inclusion (DE&I) programs. By doing so, they aim to not only increase engagement with these stakeholders but also improve financial performance and foster innovation. According to PwC research, inclusive organisations with a diverse composition of employees increase stakeholder engagement and operate more effectively. Teams with a diverse composition - where everyone can be themselves - perform better and are more innovative.

## Innovation and incentives

### Part of the Dutch DNA

The Netherlands is recognised for its notable achievements in innovation. According to the Global Innovation Index 2024 by the World Intellectual Property Organization, it excels in multiple aspects of innovation, such as government effectiveness, regulatory quality, entrepreneurship policies and culture, finance for startups and scaleups, knowledge-intensive employment, university-industry collaboration, and research talent. In terms of innovation outputs, the Netherlands particularly stands out in the areas of knowledge creation and online creativity.

Dutch industry includes many innovative and knowledge-intensive companies with a strong global reputation, actively engaged in extensive R&D efforts. Additionally, the Netherlands hosts several successful and innovative clusters, such as agrifood, life sciences & health, high-tech systems, chemicals, clean energy, IT, and creative industries.

### Stimulating foreign investment and entrepreneurship

With a competitive corporate income tax rate in Europe – 19 per cent on the first 200,000 euro and 25.8 per cent for taxable profits exceeding 200,000 euro – as well as a number of attractive incentive programs, the Netherlands offers a supportive fiscal climate for international companies.

The Netherlands actively promotes engaging in R&D activities through a favourable corporate tax structure and specific R&D tax incentives to stimulate innovation. We will elaborate on the Dutch incentives and taxes later on.



## Digital transformation

The Netherlands is a strong performer in digital transformation, both within Europe and on a global scale. According to the EU report on the State of the Digital Decade 2024, the country has a leading position on digital skills and digital infrastructure and scores high on many businesses and public services digitalisation indicators. Furthermore, Dutch consumers are often early adopters of innovative digital applications.

The Netherlands is a significant player in various digital technology fields. It leads in quantum technology, hosts Europe's largest cybersecurity cluster, and has one of the most advanced data centre operations markets in Europe. Additionally, it is a hub for companies involved in the global gaming industry, including both serious and entertainment gaming. The country is also a leader in E-health solutions and is home to several artificial intelligence (AI) innovators.

In November 2022 the Ministry of Economic Affairs and Climate Policy launched the Strategy Digital Economy for the period until 2030 with the ambition to realise a resilient, entrepreneurial, innovative and sustainable digital economy, in which everyone in the Netherlands can participate. To realise this ambition the Dutch government commits itself to five priorities: accelerating digitisation of SMEs, creating the right conditions for well-functioning digital markets and services, maintaining and strengthening a secure, reliable and high-quality digital infrastructure, strengthening cybersecurity and boosting digital innovation and skills. Digital innovation will be stimulated by investing publicly-privately in conditions for cloud applications and in digital technologies, such as artificial intelligence, quantum, blockchain and 5/6G.

Recognising the significance of artificial intelligence, the Dutch government launched the Strategic Action Plan for AI in 2019 to maintain its position as a frontrunner in this field. To expedite the adoption of AI, the Netherlands is proactively facilitating cross-industry collaboration.

In 2019, the NL AI Coalition (NL AIC) was formed to bring together Dutch research institutes, companies, and public organisations with the aim to put the Netherlands in a frontrunner position in terms of AI knowledge and applications. The coalition has set up the AiNed programme to further increase its impact by helping Dutch companies and public institutions take essential steps with AI. As of 1 January 2025, the NL AI Coalition and AiNed have joined forces under the

name AI Coalition 4 NL (AIC4NL). The closely connected Innovation Center for Artificial Intelligence (ICAI) plays a vital role in facilitating and coordinating activities among around 50 AI innovation labs throughout the Netherlands.

The world's first AI regulation, the Artificial Intelligence Act (AI Act), went officially into effect throughout the EU, including the Netherlands, on 1 August 2024. The act aims to ensure the responsible and ethical use of artificial intelligence while simultaneously promoting innovation and competition.

## Sustainable economy

### Towards a circular economy

When it comes to circular material use, the Netherlands stands out as the leading country in the European Union. In 2023 the Netherlands achieved a circular material use rate of 30.6 per cent, followed by Italy and Malta, with respectively 20.8 per cent and 19.8 per cent.

Over the past few years, the focus on the circular economy has significantly increased, and the Netherlands is no exception. The Dutch government aims for a fully circular economy by 2050. To achieve this, it collaborates with industry, knowledge institutions, civil-society organisations and other authorities. In 2023 the government has presented the National Circular Economy Programme 2023-2030, which outlines the necessary measures to realise a fully circular Dutch economy by 2050. The plan aims to reduce the consumption of primary raw materials by half in 2030.

In addition to implementing general and specific measures, the Dutch government is taking various initiatives to promote the circular economy. For instance, it seeks to increase knowledge and skills through education and offering short courses for professionals. It will also offer support by providing funding, promoting behavioural change, the Acceleration House Netherlands Circular! Initiative and regional circular economy networks.

### Advancing the energy transition

The Netherlands has set ambitious goals for sustainable energy generation. According to the National Climate Agreement of 2019, by 2030, 70 per cent of electricity and at least 27 per cent of all energy used must come from renewable sources. The European Climate Act, which came into effect on July 29, 2021, has further strengthened greenhouse gas emission reduction targets



for the European Union. In line with the European Climate Act, the Netherlands has committed itself to achieve a 55 per cent reduction in CO<sub>2</sub> emissions by 2030. The Ministry of Climate Policy and Green Growth of the in 2024 newly formed Dutch government has indicated that it will continue to work diligently towards the climate goals and the energy transition of the Netherlands. The new government remains committed to green innovation and growth, renewable sources and supply security and addressing the grid congestion issues. However, partly because the new government has abolished several old climate measures and plans, the climate goals for 2030 no longer seem achievable. The Ministry therefore is working on alternative measures to keep the climate goals for 2030 within reach.

The Netherlands is known for its advancements in renewable energy R&D. It is home to various major international offshore wind energy initiatives and the Dutch government has set the ambitious target for offshore wind capacity of 21 gigawatts by 2032. The country has also emerged as the leading solar power player in Europe when it comes to the number of panels per capita. Furthermore, it is one of the world's leading countries with respect to the adoption of electric vehicles and in July 2024 still had the largest number of public charging points in the EU.

The Netherlands is at the forefront of innovation in the fields of green hydrogen, battery, and smart-grid energy technologies. To accelerate the production and utilisation of (low carbon) hydrogen, the Dutch government has embraced a comprehensive hydrogen strategy. The National Hydrogen Programme is playing an important role in driving the adoption of hydrogen across various sectors.

Additionally, the Netherlands offers energy related R&D facilities and incentive programs that support and stimulate innovation.

## Gateway to Europe

### A superior logistic and technology infrastructure

According to the DHL Global Connectedness Index 2024 report the Netherlands is world's second most globally connected country in the world. The country has maintained a strong position at the top of the index thanks to its combination of favourable geography, strong regional integration with neighbouring countries, the attractiveness of its domestic market and a long tradition of embracing international trade and relations. Supported by top-tier seaports and airports, an extensive network of roads, rail, and waterways, as well as a telecommunications network that is globally recognised for its high quality, speed, and reliability, the Dutch infrastructure is regarded as among the best globally.

With its strong logistics infrastructure and strategically in the heart of the European Union, the Netherlands provides companies with outstanding access to the continent and beyond. Businesses can efficiently reach a market of 170 million consumers within a 24-hour radius of Amsterdam or Rotterdam, whether by rail, road or water.

Additionally, the Dutch dense, high-quality telecommunications infrastructure offers fast connections. With a 99 per cent fast broadband coverage and a 99 per cent 5G coverage, the country serves as the digital gateway to Europe. The Netherlands directly connects continental Europe to North America, with most transatlantic sea cables landing there. Furthermore, the Netherlands is home to the Amsterdam Internet Exchange (AMS-IX), one of the largest hubs for internet traffic in the world.

PwC Netherlands, supported by the strong EU Direct Tax Group network of EU colleagues, aims to provide a coordinated support for non-EU clients to navigate through the complex EU tax and legal landscape. At the same time, it supports other EU colleagues on Netherlands related topics in their relationship with non-EU clients and colleagues. Additionally, PwC Netherlands takes a proactive role in informing clients on important EU tax law/EU27 domestic developments through the monthly EU Gateway newsletter, becoming by this way the EU first point of contact for non-EU clients and colleagues.



# Business operations

## Headquarters

Strategically located at the heart of Europe's largest markets, the Netherlands has established itself as an attractive destination for international companies and a preferred location for establishing European or regional headquarters. With its strong international orientation, highly educated workforce, advanced logistics and technology infrastructure and innovation ecosystem, the Netherlands provides a conducive environment for companies to compete in Europe. As one of the European Union's key trading and industrial centres, many companies use the Netherlands as an entry point to Europe.

## Logistics and distribution

The Dutch transport and logistics infrastructure, which includes seaports, centrally located airports, and an extensive network of roads and highways, is a significant asset for companies looking to establish international logistics and distribution operations in Europe. Amsterdam Airport Schiphol is one of Europe's best-connected airports and one of the largest cargo airports in Europe. The Port of Rotterdam is the largest seaport in Europe. Additionally, the Netherlands is also home to many high-standard logistic service providers. It is known for its ability to attract, develop, and nurture a skilled international workforce.

These and other elements position the Netherlands as a gateway to Europe, with a wide range of European and regional distribution centres across industries such as agrifood, fashion, high-tech, medical technology, e-commerce, and spare parts logistics.

## Startups

The Netherlands is recognised for its open culture and focus on entrepreneurship and innovation, fostering a collaborative startup ecosystem. It is one of the leading European countries for startups, with the Amsterdam-Delta ranking 2nd in Europe in Startup Genome's Global Startup Ecosystem Report 2024. According to Startup Genome, the Amsterdam-Delta has established itself as a flourishing startup ecosystem, fuelled by substantial funding, a pool of skilled talent, innovation hubs, and international events. The Dutch tech start-up ecosystem has a strong presence in different sub-sectors, notably healthcare and life sciences, agrifood and semiconductors. According to Startup Genome, the Dutch government's commitment, exemplified by initiatives such as Invest-NL and the National Technology Strategy, further strengthens the

ecosystem. Furthermore, initiatives such as Techleap and Netherlands Point of Entry link international companies to funding, talent and market opportunities within the Dutch startup ecosystem.

Under conditions, the Dutch startup visa scheme makes it possible to apply for a temporary residence permit as 'start-up', which gives ambitious starters one year to get their innovative business started.

## Research and development

The Netherlands is known for its active engagement in R&D, supported by its research institutes, R&D tax incentives, and collaborations between science, industry, and government.

The country ranks 5th on the 2024 European Innovation Scoreboard of the EU Commission and is a significant R&D location for various multinational companies. It also has the 4th highest number of European patent applications per million inhabitants (2023, European Patent Office), with the Dutch startup scene contributing to numerous patents every year.

The Netherlands features various innovation hubs across the country, including ten campuses. These campuses, such as High Tech Campus Eindhoven, TU Delft Campus, Kennispark Twente, Wageningen Campus, Amsterdam Science Park and Campus Groningen, bring together a diverse range of companies and knowledge institutes. Furthermore, the Dutch government offers various R&D incentives to reduce R&D costs and investments, like the R&D tax credit (WBSO) scheme, the Innovation box and the Innovation credit scheme.

## Manufacturing

The Netherlands has a skilled engineering workforce, a well-developed collaborative network of suppliers across various value chains, and an advanced logistics and distribution network. These factors provide advantages to companies looking to establish or reshore manufacturing operations in Europe. Also, the Dutch-style co-existence between government, the corporate sector and knowledge institutions, the so-called 'triple helix', has contributed to a manufacturing sector recognised globally for its innovation, productivity, dynamism, and economic performance. Many major multinationals in diverse industries, including life sciences, chemicals, maritime industry and IT, have already set up advanced manufacturing operations in the Netherlands.

# Industries

Positioned at the front door of Europe, the Netherlands serves as a strategic base for businesses aiming to expand within the European market. Its position as a prominent business hub is supported by various industry clusters that contribute significantly to the country's economic activity and growth. From life sciences and health to creative industries, the Netherlands hosts industry clusters that leverage the strength of the private sector and knowledge institutions, focusing on talent,

innovation, and collaboration. Various large and rapidly expanding international companies in every industry have selected the Netherlands as their entry point to the European market.

We elaborate on some of the key industries below.



## Agrifood

- Among the top three of the largest exporters of agrifood products worldwide
- 123.8 billion euro agricultural exports, 18.3 per cent of total Dutch exports
- Houses production and R&D facilities of all the world's leading agrifood companies
- One of the global leaders in food and agricultural technology
- Best global university for agricultural sciences worldwide - category agriculture and forestry (Wageningen University) according to QS World University Rankings 2024

## Logistics

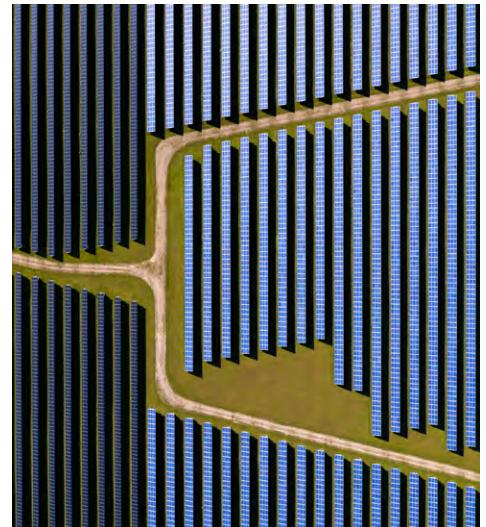
- The Netherlands ranks 2nd on the DHL Global Connectedness Index (2024 report)
- The Netherlands is known for its expertise in logistics, innovative transport and logistics concepts and chain management
- Dutch infrastructure is renowned for its exceptional quality
- Numerous American and Asian companies have chosen the Netherlands as the hub for their European distribution activities
- The Netherlands is at the forefront of environmentally sustainable logistics
- Schiphol is one of Europe's best-connected airports and ranks among the largest cargo airports in Europe
- Rotterdam is the maritime capital of Europe and the world's 10th largest container port (2023)





## Energy

- The Netherlands has established itself as a prominent player in wind energy, especially in offshore wind power
- Leading solar power player in Europe by the number of panels per capita
- The Netherlands provides energy-related R&D and incentive programs to promote innovation
- The Netherlands is advancing green hydrogen, battery, and smart-grid energy technologies.
- The Dutch government has adopted a hydrogen strategy to enhance production and use of hydrogen
- Occupies the 10th position on the global WEF Energy Transition Index 2024

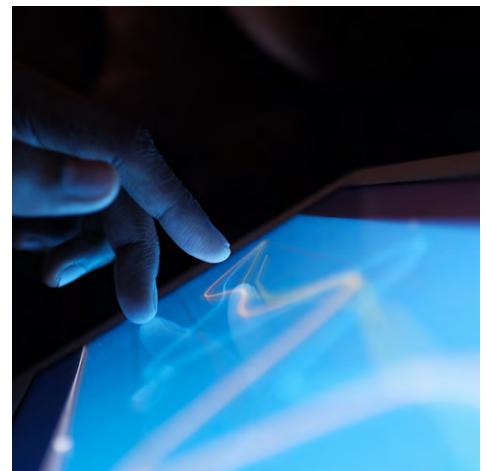


## Creative Industries

- Known internationally for its entrepreneurial approach and innovative thinking
- A multicultural hub for creative talent
- Home to a dynamic creative industry for fashion, advertising, entertainment and media and architecture and acting as a gateway to Europe
- The Netherlands has more than 30 knowledge institutions offering creative arts and design courses
- A key location for global media and broadcasting, home to many major industry players
- One of the largest exporters of television formats globally

## High Tech Systems

- The Dutch high-tech systems and materials industry includes over 1,700 companies, ranging from large manufacturers to small technology start-ups
- The Netherlands stands out in semiconductor technology, high tech manufacturing, aerospace technology, robotics, quantum technology, nanotechnology and photonics
- Central to Dutch high-tech innovation are strong public-private partnerships and advanced R&D ecosystems
- Eindhoven is ranked 3rd on science & technology cluster intensity in the Global Innovation Index 2024 report, the High Tech Campus Eindhoven is home to 12,000 researchers, developers and entrepreneurs
- Other notable technology and research centres are YES!Delft (Delft University of Technology) and Kennispark Twente (University of Twente)



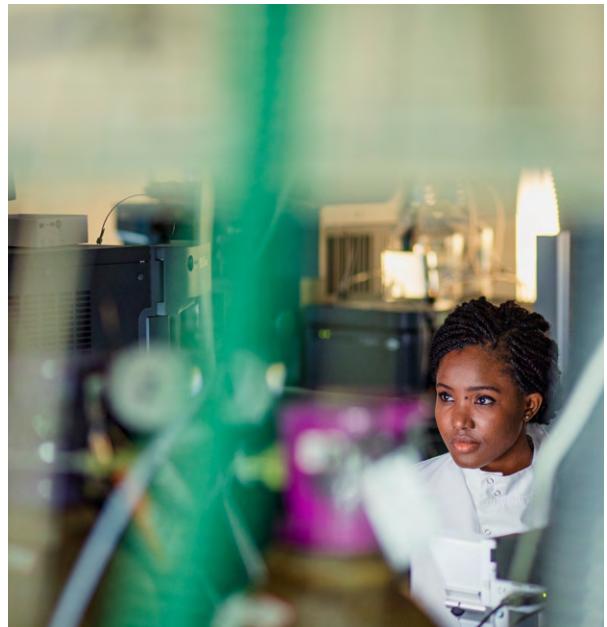


## Chemicals

- A major supplier of chemical products and services in Europe
- Home to 2,000 chemical companies covering the entire supply chain and 11 universities with chemistry majors
- Host to 19 of the world's 25 largest chemical companies
- Part of the Antwerp-Rotterdam-Rhein-Ruhr Area (ARRRA), one of the largest chemical clusters globally
- Robust ecosystem for collaborative research, including universities, Centres for Open Chemical Innovation (COCI) and a range of public-private partnerships
- Port of Rotterdam is a key global hub for refining and chemical industries
- The Royal Association of the Dutch Chemical Industry is dedicated to a climate-neutral and circular chemical industry by 2050

## Life Sciences and Health

- The presence of the European Medicine Authority has strengthened the Netherlands' position as a key hub for Life Sciences and Health in Europe
- A highly concentrated region for life sciences, the Dutch life sciences and health community includes 3,000+ R&D life sciences companies of which 400 biopharmaceutical companies
- The Netherlands occupies a 4th position in the 2024 World Index of Healthcare Innovation
- Houses 26 campuses, 7 University Medical Centres, and 13 universities engaged in life sciences research
- Extensive public-private collaboration, with over 700 life sciences and health public-private R&D projects and more than 40 strategic public-private partnerships
- Ranks high worldwide in patent applications for medical technology, biotechnology patents and pharmaceutical patents
- One of the leading importers and exporters of medical devices in Europe



# Legal system

## Doing business via a legal entity

There are several ways to operate a business in the Netherlands. A distinction can be made between Dutch entities with legal personality (corporate entities) and Dutch entities without legal personality (non-corporate entities). It is also possible to perform business activities through a Dutch branch office of a foreign legal entity. Below we discuss the main legal entities used by foreign investors and companies expanding their businesses to the Netherlands.

### Corporate entities

#### The bv and nv

Under Dutch law, two types of limited liability companies can be distinguished:

- bv ('besloten vennootschap', a private company with limited liability); and
- nv ('naamloze vennootschap', a public company limited by shares).

Both the bv and the nv are entities with legal personality and a capital divided in shares. They can be used for the same business purposes. The bv is the more flexible legal entity form of the two. Consequently, the bv is the most frequently used corporate entity form in the Netherlands. Due to its flexible character, the bv is highly popular as a holding company in (international) group structures and as an operational company.

Incorporation of a bv or nv:

- In general, an establishment permit is not required to start a business in the Netherlands. This may be different for certain regulated sectors. An example is the food sector, where an environmental permit may be required, or the financial sector, where licences to operate are required.
- Incorporation of a bv or nv requires a notarial deed of incorporation, to be executed by a Dutch civil-law

notary. Execution of the notarial deed of incorporation can be done on the basis of powers of attorney to avoid unnecessary travelling or delays.

- There are no minimum capital requirements for the bv; an nv should be incorporated with a share capital of at least 45,000 euro.
- Incorporation of an nv requires a statement by a bank or an auditor, confirming that the minimum share capital has been paid up. This statement must be obtained prior to incorporation. There is no such requirement for a bv.
- The articles of association should contain the name, corporate seat and objects of the bv/nv. The name of the bv/nv must be unique to the extent that it does not cause confusion with other companies or brands with similar names. The official name should contain the word 'Besloten Vennootschap met beperkte aansprakelijkheid' or in short: 'bv' or 'Naamloze Vennootschap' or in short: 'nv'.
- A bv or nv must be registered with the trade register of the Dutch Chamber of Commerce. The trade register holds publicly available information of the company, such as the registered address of the company, names of board members and the articles of association.
- A bv or nv can already conduct business while it is in the process of being incorporated. However, for the bv this possibility lost most of its interest as the incorporation of a bv requires only few formalities and can be carried out very quickly and easily.

For more information about the bv and nv we refer to the box on page 18.

#### The cooperative

The Dutch cooperative ('coöperatie') was historically used mainly in the agricultural sector. Over the last few decades, this legal entity form has been reinvented as a holding company in international group structures, among others due to its corporate flexibility. A cooperative is a special type of association. Similar

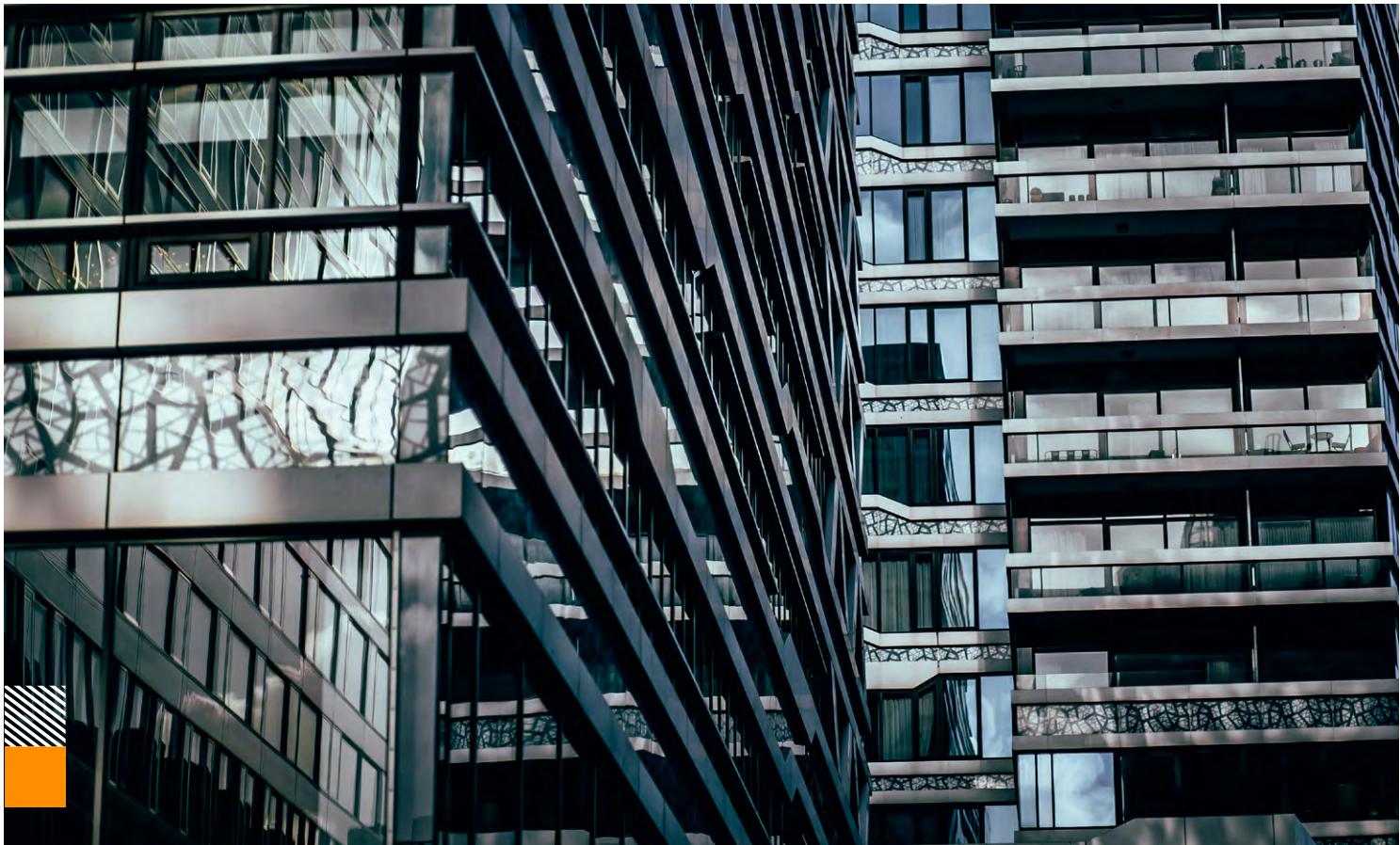


to the nv and bv, it is an entity with legal personality, governed by its articles of association.

Participants in a cooperative are members (instead of shareholders) and a minimum of two members is required to incorporate a cooperative. By law, the purpose of a cooperative should be to 'provide for physical needs' of its members. When used in holding structures, it is customary that the purpose of a cooperative is to make profits or save costs through investments. The members' entitlement to the cooperative's profits is usually related to the amount of contributions made. Members can be individuals, partnerships or legal entities. Member liability can be unlimited to the entire deficit in a bankruptcy situation, limited to a certain maximum amount or excluded in the articles of association. In general, a cooperative is a very flexible legal entity form with no minimum capital requirements and a less regulated governance structure.

Incorporation of a cooperative:

- A cooperative is incorporated by a notarial deed of incorporation by a Dutch civil-law notary.
- No bank statement or auditor's statement is required for the incorporation of a cooperative.
- Dutch law requires that a cooperative is incorporated by at least two incorporators, which, unless the deed of incorporation explicitly states otherwise, will become members of the cooperative.
- The word 'coöperatief' must be included in the official name of the cooperative as well as one of the following abbreviations: WA ('wettelijke aansprakelijkheid', full statutory liability); BA ('beperkte aansprakelijkheid', liability limited to a certain amount) or UA ('uitsluiting van aansprakelijkheid', exclusion of liability), which indicates the extent of potential liability of its members.
- A cooperative must be registered with the trade register of the Dutch Chamber of Commerce.





## Non-corporate entities

The two most common forms of non-corporate entities are the general partnership ('vennootschap onder firma' or, abbreviated, 'vof') and the limited partnership ('commanditaire vennootschap' or, abbreviated, 'cv'). Both partnerships should be formed by two or more partners who may be either individuals or legal entities. The legal requirements for entering into a partnership are limited, a partnership agreement is sufficient. There is a very high level of flexibility with respect to the content of such a partnership agreement. A Dutch partnership does not have legal personality, meaning that it cannot own assets in its own name. Legal title to assets is generally held by the general partner(s) for and on behalf of the partnership. The general partner(s) can enter into legal acts (such as agreements with third parties) on behalf of the partnership.

All partners in a vof are jointly and severally liable for all obligations of the partnership. Liability of a general partner in a cv is unlimited, whereas liability of limited partners is limited to the amount of their capital contribution as long as such limited partners do not perform acts of management and/or representation of the partnership.

## Branch

Another possibility to conduct business activities in the Netherlands is to create a Dutch branch of a foreign legal entity. Establishment of a branch (only) requires the registration of the relevant foreign legal entity with the trade register of the Dutch Chamber of Commerce.

A Dutch branch does not qualify as a separate legal entity. Consequently, the Dutch branch is governed by the rules and legislation applicable to the foreign legal entity and the branch assets are legally held by the foreign legal entity. Depending on the nature and scope of the activities, the branch may qualify as a 'permanent establishment' for several taxation matters. If so, the transactions and/or financial results of the branch may be taxable in the Netherlands.

## What can we do for you?

A brief overview of services we provide:



- Advise you on the pros and cons of the different legal entity forms through which you can do business in the Netherlands
- Assist with the incorporation of a legal entity or with setting up a partnership or branch
- Advise on the corporate governance structure
- Register the legal entity, partnership or branch with the trade register of the Dutch Chamber of Commerce
- Drafting of (intra group) contractual arrangements
- Assist you (on an ongoing basis) with annual compliance requirements, such as arranging the annual general meeting, adoption and filing of the annual accounts, assisting with filing exemptions, etc.
- Assist you with (international) restructuring projects, for example structure optimisations, pre-deal carve-outs, post-deal integrations, cash repatriations, value chain transformations, mergers and spin-offs, re-domiciliations and liquidations





The bv	The nv
<p><b>The bv</b></p> <p>A bv is a private company comparable to the 'private company limited by shares' (Ltd.) in the United Kingdom or the 'Gesellschaft mit beschränkter Haftung' (GmbH) in Germany. The legislation applicable to a bv makes it a very flexible and 'user friendly' legal entity, which can be tailored to your needs. The main characteristics of a bv under the current rules are:</p> <p><b>Shares</b></p> <ul style="list-style-type: none"><li>• No minimum share capital required. The founders determine the issued capital (at least one share). The shares issued at incorporation may be paid up at a later stage.</li><li>• Different types of shares can be created which provides the possibility to vary with regard to (among others) voting rights and profit-sharing rights. It is even possible to issue non-voting shares.</li><li>• Shares with no rights to profit or liquidation proceeds must always have voting rights.</li><li>• The articles of association may contain share transfer restrictions, but this is not mandatory.</li></ul> <p><b>Governance</b></p> <ul style="list-style-type: none"><li>• Annual general meeting (GM) for shareholders (in principle, also for shareholders without voting rights) and other holders of meeting rights, if any.</li><li>• Both a one-tier board (consisting of executive directors and non-executive directors) and a two-tier board (managing directors and supervisory directors are separated in two boards) are possible.</li><li>• A supervisory board is generally optional. However, large companies may be subject to the so-called 'Large Company Regime'. In that case, a supervisory board is mandatory, and it will have special powers. For example, the right to appoint and dismiss executive directors. Depending on the situation at hand (e.g. majority of the employees works outside the Netherlands), the Large Company Regime may be less restrictive.</li><li>• The articles of association may grant shareholders the right to give specific instructions to the board of directors.</li></ul> <p><b>(Profit) distributions</b></p> <ul style="list-style-type: none"><li>• The GM decides on distributions of profit and distributions at the expense of freely distributable reserves, unless the articles of association have allocated this authority to the board of directors.</li><li>• Depending on the outcome of a balance sheet test and a liquidity test, the board of directors must approve the distribution, unless the intended distribution would be detrimental to the continuity of the company, in which case approval should not be granted.</li><li>• No capital maintenance and creditor protection rules apply.</li><li>• Flexibility to make interim distributions.</li></ul>	<p><b>The nv</b></p> <p>An nv is a public company comparable to the 'public limited company' (plc.) in the United Kingdom or 'Aktiengesellschaft' (AG) in Germany. In general, an nv is more strictly regulated and mainly used for companies that are very large and/or will be listed on a stock exchange (although nowadays bv shares can also be listed on a stock exchange). The main characteristics of the nv are:</p> <p><b>Shares</b></p> <ul style="list-style-type: none"><li>• Minimum share capital of 45,000 euro required.</li><li>• Different types of shares are possible.</li><li>• All shareholders have voting rights and profit rights.</li><li>• The articles of association may include share transfer restrictions, but this is not mandatory.</li></ul> <p><b>Governance</b></p> <ul style="list-style-type: none"><li>• Annual general meeting (GM) for shareholders (in some cases, depositary receipt holders may also attend the meeting).</li><li>• Both a one-tier board (consisting of executive directors and non-executive directors) and a two-tier board (managing directors and supervisory directors are separated in two boards) are possible.</li><li>• A supervisory board is generally optional. However, large companies may be subject to the so-called 'Large Company Regime'. In that case, a supervisory board is mandatory, and it will have special powers. For example, the right to appoint and dismiss the managing / executive directors. Depending on the situation at hand (e.g. majority of the employees works outside the Netherlands), the Large Company Regime may be less restrictive.</li><li>• The articles of association may grant shareholders limited possibilities to give instructions (only general guidelines) to the board of directors.</li></ul> <p><b>(Profit) distributions</b></p> <ul style="list-style-type: none"><li>• The GM decides on distributions of profit and distributions at the expense of freely distributable reserves, based on the company's annual accounts or an interim balance sheet prepared by the board of directors.</li><li>• Distributions are limited by formal rules on capital maintenance and creditor protection.</li></ul>

# Taxation in the Netherlands

The Netherlands has a competitive statutory corporate income tax rate compared to the rest of Europe: 19 per cent on the first 200,000 euro and 25.8 per cent for taxable profits exceeding 200,000 euro. In addition, the Dutch tax system has a number of attractive features for international companies. Add that compliance processes are clear and supported by technology, and you can see why the Netherlands has an excellent fiscal climate.

## A competitive fiscal climate

The Dutch tax ruling practice has a 30-year track record and has given many international groups clarity on their tax position when setting up successfully in the Netherlands. This of course in the perspective of transparency and paying one's fair share. And thanks to the highly accessible and cooperative tax administration, companies can feel confident that the Netherlands maintains its attractiveness for foreign investors, minimises impediments for business and guarantees cooperation and transparency from Tax Authorities.

### Attractive features of the Dutch tax system

1 **An efficient fiscal unity regime**, providing tax consolidation for Dutch activities within a corporate group.

2 A wide network of **more than 90 bilateral tax treaties** to avoid double taxation and to provide, in many cases, reduced or no withholding tax on dividends, interest and royalties.

3 **Clarity and certainty in advance** on the tax consequences of proposed major investments in the Netherlands.



4 **A broad participation exemption** (100 per cent exemption for qualifying dividends and capital gains) which is vital for (European) headquarters.

5 **Favourable expat tax program** with a personal income tax advantage for qualified, skilled foreign employees.

6 **Fully compliant and aligned** with the international developments in the OECD and EU and often one of the driving forces behind a coordinated approach to taxation.



## Rulings and cooperative compliance

### The Dutch ruling practice

One of the specific features of the Dutch tax system is the possibility to discuss the tax treatment of certain operations or transactions in advance. Upfront clearance can be obtained from the Dutch Tax Authorities. The Dutch Tax Authorities conclude Advance Pricing Agreements (APA) as well as Advance Tax Rulings (ATR).

An APA is an agreement with the Dutch Tax Authorities specifying the intercompany pricing that the taxpayer will apply to its related-company transactions. The APA system is designed to help taxpayers voluntarily avoid or resolve actual or potential transfer pricing disputes in a proactive, cooperative manner.

An ATR is an agreement with the Dutch Tax Authorities determining the tax rights and obligations in accordance with the law in the taxpayer's specific situation.

Both an APA and ATR are binding for the taxpayer and the Dutch Tax Authorities. To obtain an APA or ATR, certain substance requirements must be met. In general, the Dutch Tax Authorities will be able to handle requests for APAs, ATRs and other requests (e.g. a request for a tax facilitated merger, a VAT registration or a (VAT) fiscal unity) within a reasonable amount of time.

In accordance with EU law the Dutch Tax Authorities are obliged to exchange information regarding rulings and transfer pricing arrangements with the Tax Authorities of other EU member states automatically. The Dutch Tax Authorities use a standard EU form that taxpayers have to complete when concluding a cross-border ruling or transfer pricing arrangement. All EU Tax Authorities are obliged to exchange this information. The exchange of information increases the transparency for corporate taxation within the EU. It is expected that in the future similar information may be exchanged with the Tax Authorities of non-EU member states as well.

The main characteristics of the Netherlands' policies on the issuing of tax rulings with an 'international character' are as follows:

- Transparency: building on international developments in transparency in tax matters, the Dutch tax authorities will publish anonymised summaries of individual rulings with an international character.
- Economic nexus: rulings with an international character will only be available to taxpayers with (sufficient) economic nexus in the Netherlands.
- Main purpose: rulings will no longer be available in case the main purpose of the business structuring is obtaining a tax advantage, be it a Dutch or foreign tax advantage.
- No rulings on transactions with entities in blacklisted countries (generally low tax jurisdictions or jurisdictions on the EU list of non-cooperative countries).

### Cooperative compliance

Another specific feature of the Netherlands is that the Dutch Tax Authorities allow businesses, under certain conditions, to apply for an enhanced relationship ('horizontal monitoring'). This is a form of cooperative compliance in which the organisation signs a Horizontal Monitoring covenant with the Dutch Tax Authorities. It provides a timing benefit and certainty: it prevents unpleasant tax surprises when it is too late to do something about them. But horizontal monitoring encompasses more than just complying with laws and regulations: the organisation must be able to demonstrate it is in-control of its tax processes and tax risks, via a so-called 'Tax Control Framework'.

The Dutch Tax Authorities will adjust the methods and intensity in which they perform their monitoring to the level of tax control of the taxpayer. As a result, audits performed by the Tax Authorities will shift from reactive (tax audits over past years) to proactive (providing 'assurance' upfront). Under horizontal monitoring, the company's relationship with the Dutch Tax Authorities is based on mutual trust, understanding and transparency.





The main benefit of Horizontal Monitoring is that relevant tax risks and positions can be dealt with when they occur. The company is required to act with a transparent attitude towards the Dutch Tax Authorities, and they will in return provide a quicker response with respect to tax issues that are brought to their attention by the company. This proactive assurance prevents unpleasant surprises afterwards. Apart from this, it helps with accurately determining the tax cash flow, deferred and current taxes, and ascertains that the company has as little uncertain tax positions as possible. This saves the company both time and costs. In 2020 the Tax Authorities introduced their reformulated Horizontal Monitoring.

Top 100 taxpayers in the Netherlands have an individual approach and monitoring plan. Individual Horizontal Monitoring will be possible for companies who require an audit on their annual accounts (2 out of 3 criteria must be reached; > 250 employees, > 20 million euro assets and > 40 million euro revenue) and which have a tax self-assessment including tax strategy, a tax risk analysis and a monitoring and testing plan in place. For small and medium enterprises, a general covenant is possible through their qualified service provider. PwC is one of the qualified service providers in the Netherlands.

Horizontal monitoring can be applied to all taxes including corporate income tax, value added tax, customs, wage tax and social security. PwC has developed a special tax management maturity model (T3M) to help companies determine their existing level of tax risk management and the path towards the intended maturity level of their tax risk management. T3M is inspired by the common standards on general and financial risk management, such as COSO, and in line with the latest report of the OECD on 'Building better Tax Control Frameworks'.



## What can we do for you?

- Define a tax strategy, tax governance and roles and responsibilities for a tax function
- Helping with creating a tax self-assessment
- Process mapping and improvement, also by implementing tax technology and tooling
- Enhance tax risk management, e.g. by means of defining clear key tax controls
- Quick and smooth communication with the Dutch Tax Authorities
- Assisting your organisation in its discussions with the Tax Authorities towards horizontal monitoring
- Assessing the current and desired state of the tax function and the Tax Control Framework (by means of T3M assessment)
- Designing and implementing your Tax Control Framework via our Sustainable Tax methodology
- Performing statistical sampling in line with the approach of the Tax Authorities, as part of monitoring the Tax Control Framework as well as tax data analytics and key control testing as part of showing that you are in control of tax
- Help you to clearly communicate the maturity of your Tax Control Framework to internal and external stakeholders





## International developments

### BEPS

As a member of the OECD, the Netherlands is an active participant in the Anti-Base Erosion and Profit Shifting (BEPS) project of the OECD. The Netherlands supports the goals as set by the OECD in this respect and adheres to the outcomes of the BEPS project. The Netherlands also adheres to actions of the OECD in relation to transparency in tax matters. In addition, the Netherlands has signed and ratified the Multilateral Instrument (MLI), albeit with limited reservations to certain provisions, and has brought all of the Netherlands' tax treaties within the scope of the MLI except for the few tax treaties that were being negotiated or not yet in force at the time of the MLI signature.

### Pillar Two

As of 31 December 2023, the Minimum Tax Act 2024 (also known as Pillar Two) has been in effect in the Netherlands. With this legislative act the Netherlands has implemented the second pillar of the Two-Pillar solution to address the tax challenges arising from the digitalisation of the economy, as was politically agreed upon in 2021 by about 140 countries within the OECD's Inclusive Framework on BEPS (IF). Within the EU, and accordingly also in the Netherlands, the new rules have been implemented through the EU Directive Pillar Two of 14 December 2022. The legislation closely aligns with the outputs from the IF on Pillar Two. The tax legislation has been amended as of 31 December 2024 to secure and maintain alignment with administrative guidance releases by the OECD in follow-up to the release of the model rules and commentaries thereto during 2023 and 2024. In addition to the legislation an executive decree applies per 31 December 2023, incorporating various parts of the administrative guidance releases by the OECD into Dutch tax legislation.

The Minimum Tax Act 2024 provides for a minimum effective company taxation of 15 per cent per jurisdiction for large groups (annual turnover of more than 750 million euro). The legislation applies to fiscal years beginning on or after 31 December 2023. If the effective tax rate (ETR) of any constituent entity (CE) or constituent entities (CEs) located in the Netherlands or another jurisdiction falls below 15 per cent, top-up tax will be imposed up to that minimum level. The top-up tax to the 15 per cent minimum rate is imposed under any of the following three mechanisms: (i) Qualified Domestic Minimum Top-up Tax (QDMTT); (ii) Income Inclusion Rule (IIR), or; (iii)

Undntaxed Profits Rule (UTPR). The QDMTT basically is an alternative minimum company tax ensuring that there is a domestic top-up tax levied at the minimum level of 15 per cent on the profits of (otherwise) low-taxed domestic CEs of the relevant group. The IIR basically is an extraterritorial top-up on profits of low-taxed subsidiary entities abroad. The IIR, in principle, is levied in the hands of the ultimate parent entity (UPE) of the relevant group, and under certain circumstances at the intermediate parent entity (IPE) level, or in the hands of a partially owned parent entity (POPE). The UTPR basically is an extraterritorial top-up tax on profits of low-taxed parent entities or sister entities abroad. The UTPR, in principle, is levied in the hands of other group entities than the (ultimate) parent entity of the multinational or domestic group. The UTPR applies as a safety net top-up tax in case the jurisdiction of the (ultimate) parent entity does not apply a qualifying IIR. UTPR is divided amongst entities under a formula by reference to the number of employees and the value of tangible assets in that jurisdiction. The UTPR generally applies as of 31 December 2024. Any QDMTT may be offset against IIR and/or UTPR in the jurisdiction involved.

In addition, various safe harbour rules have been introduced to provide some administrative relief to companies, i.e., in alignment with IF standards. The following safe harbour rules have been put in place: (i) Transitional Country-by-Country Reporting (CbCR) Safe Harbour (SH); (ii) QDMTT SH, and; (iii) Transitional UTPR SH. The application of the safe harbours reduces the top-up tax for a particular jurisdiction under any of the top-up tax mechanisms to zero. The CbCR SH is temporary in nature, effectively in place during the first three years that the Pillar Two legislation applies. The CbCR SH effectively is a toned-down alternatively applicable variant of the regular Pillar Two regime, e.g., a simplified ETR test applies by reference to already existing CbCR data. The QDMTT SH applies when a jurisdiction operates a QDMTT whereby some additional criteria have been put in place, for instance requiring any calculations for Pillar Two purposes to be based on the local financial reporting standard in the relevant jurisdiction (i.e., instead of the accounting standard of the UPE of the group). The Transitional UTPR SH effectively postpones the application of the UTPR under the general Pillar Two rules in jurisdictions until, basically, 2026 for CEs in jurisdictions by reference to an alternative statutory tax rate test of at least 20 per cent.



## Pillar One (amount A and amount B)

Under Pillar One, a formulaic share (Amount A) of the consolidated profit of certain MNEs will be reallocated to markets (i.e., where sales arise). Pillar One will apply to MNEs with profitability above 10 per cent and global turnover above 20 billion euro. The profit to be reallocated to markets will be calculated as 25 per cent of the profit before tax in excess of 10 per cent of revenue. The revenue threshold may be reduced from 20 billion euro to 10 billion euro seven years after the Multilateral Convention introducing Pillar One entry into force.

The Netherlands announced that it will continue to support efforts to finalise the Pillar One Multilateral Convention and open it up for signature, while also not ruling out alternative solutions. If an international agreement becomes unfeasible, prioritising a “Pillar One” agreement at the EU level would be the preferred course. The Netherlands does not levy a DST. While not dismissing the possibility of a unilateral Digital Services Tax (DST), the State Secretary highlighted the substantial challenges, if not the impossibility, of its short-term implementation.

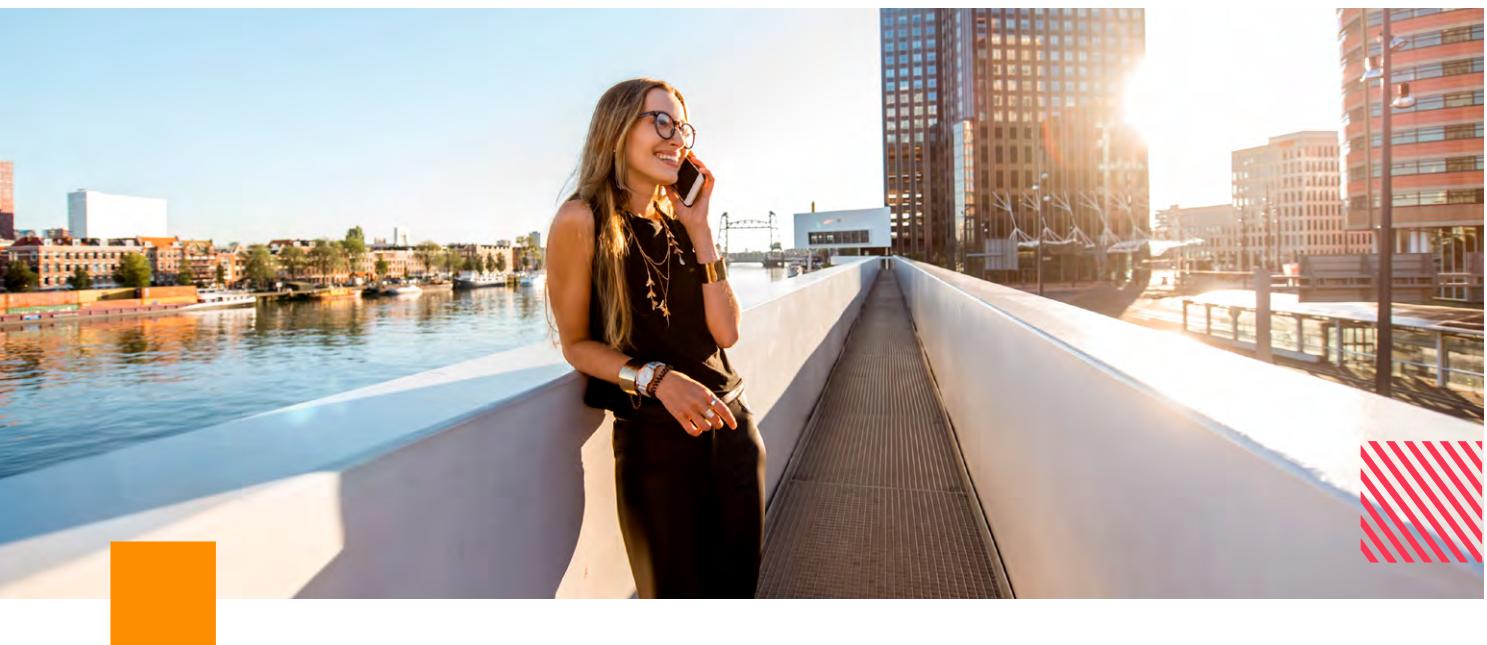
A decree was published that outlines the Dutch implementation of Amount B of Pillar One. Amount B is an intended simplification of transfer pricing rules for determining the remuneration for routine marketing and distribution activities in developing countries that choose to apply the simplified transfer pricing rules. The Amount B Decree states that Amount B will be accepted

by the Dutch tax authorities for Dutch taxpayers that are involved in intercompany transactions covering wholesale distribution activities in ‘Covered Jurisdictions’ that meet the relevant criteria. Amount B will not apply to wholesale distribution activities in the Netherlands. The Decree is effective as of 1 January 2025.

## Unshell Directive Proposal (ATAD III)

According to the Unshell Directive proposal, entities at risk need to report that they meet certain indicators of minimum substance to the tax authorities. Failure to do so (or in an adequate manner) means that the entity shall be considered to be a shell. The Directive proposal prescribes concrete tax consequences for situations involving a shell entity.

The Unshell Directive proposal has not been welcomed by all EU Member States and it is unclear when and in which form it will be agreed upon. All EU Member States need to agree on the Directive proposal to be adopted. In June 2024, a new approach on the Unshell proposal was presented to delegation of the EU Member States. The Hungarian Presidency of the Council of the EU turned this approach into concrete drafting suggestions on some key topics, in particular scope, hallmarks, reporting obligation and exchange of information, and administrative actions. Some delegations considered it important to clarify the relationship with the Directive on administrative cooperation (DAC).





## ATAD I

The EU adopted the Anti-Tax Avoidance Directive (ATAD I), which contains several measures to combat tax avoidance. The ATAD I includes measures regarding the limitation of interest deductibility and exit taxation, a general anti-abuse rule (GAAR), a Controlled Foreign Company (CFC) rule and rules addressing mismatches between EU member states arising from the use of hybrid instruments or entities. These rules were transposed into all EU member states laws and apply, in principle, from 1 January 2019 onwards.

The Netherlands has implemented ATAD I by introducing a CFC rule and an earnings stripping rule and slightly reforming its exit taxation rules for corporate income tax (CIT) purposes.

The earnings stripping rule limits the deduction of the on balance interest cost to 20 per cent (previously: 30 per cent) of the taxpayer's EBITDA with a threshold of 1 million euro and a carry forward rule. In conjunction with the introduction of the earnings stripping rule, the Dutch interest limitation rules regarding excessive participation debts and excessive acquisition debts were abolished as of 1 January 2019.

The CFC-regime targets corporate taxpayers that hold a direct or indirect interest, either stand-alone or with affiliated companies, of more than 50 per cent in a subsidiary, or owns a permanent establishment, in either a) a low-taxed country (i.e. less than 9 per cent but only if listed by the Dutch Ministry of Finance on an annual basis) or b) a jurisdiction included in the EU list of non-cooperative jurisdictions.

The ATAD's GAAR was initially not implemented because the Dutch Ministry of Finance considered the GAAR to be effectively present by means of the standing Dutch *fraus legis* doctrine. However, following a request from the European Commission, the Netherlands decided to implement a written GAAR in its corporate income tax laws as of 1 January 2025.

The exit taxation regime for CIT purposes was slightly altered, by providing that an exit levy must be paid in full within the 5 years following the exit but no later than at the moment of realisation, e.g. the sale of the asset(s).

## ATAD II

As an expansion to the legislation included in the ATAD I, the European Commission proposed rules addressing hybrid mismatches between EU member states and in

relation to third countries (ATAD II). A hybrid mismatch leads to either tax deduction with no inclusion of the income or double deduction in cases involving entities, (financial) instruments, permanent establishments or the location of an entity. The Netherlands applies ATAD II as per book years starting on or after 1 January 2020. Please note that it is mandatory under Dutch law to have documentation on the ATAD II position on file.

In addition, the Netherlands has enacted legislation introducing ATAD II's reverse hybrid rule. Under the new rules, an entity that qualifies as a reverse hybrid has become liable for corporate income tax from 1 January 2022 onwards.

## DAC6

The EU Directive on mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements (DAC6) imposes mandatory disclosure requirements for certain arrangements with an EU cross-border element. It requires relevant advisors or taxpayers to report a wide range of cross border arrangements under certain conditions. Where such an arrangement falls within certain 'hallmarks' mentioned in the directive and in certain instances where the main or expected benefit of the arrangement is a tax advantage, the arrangement should be reported. DAC6 covers all taxes except value added tax and excise duties.

The Netherlands has implemented the DAC6 legislation and has decided not to go further than the EU Directive. For example, no additional hallmarks have been included in Dutch law and the scope of the legislation has not been extended to other taxes like VAT.

Failure to report covered transactions may result in an administrative fine of up to 900,000 euro (amount 1 January 2023). If your company has an international structure, we recommend that you work with your adviser to determine how you will fit this mandatory exchange of information into your tax and compliance strategy. It is also important that you report in a timely manner, for example, if no external advisor is involved in a transaction subject to reporting requirements, or if the advisor in question makes use of a legal right to withhold information (lawyers, etc.).

The Court of Justice of the EU has upheld the validity of the DAC6 in the case Belgian Association of Tax Lawyers e.a. (C-623/22).



## DAC7

DAC7 amends the EU Directive on Administrative Cooperation and introduces new reporting obligations that will apply to Digital Platforms Operators that make their platform available to Reportable Sellers. DAC7 is designed to ensure that EU member states automatically exchange the reported information on the Reportable Sellers on digital platforms, whether the platform is located in the EU or not. Digital Platform Operators are required to report to a Competent Authority in an EU member state. The Competent Authority in that EU member state will then exchange the information with the Competent Authority in the EU member state where the Reportable Seller is tax resident. Digital Platforms Operators that are not located in the EU are required to register in an EU member state in order to comply with this Directive.

EU Member States should have implemented DAC7 by 31 December 2022 and apply their transposing DAC7 legislation as of 1 January 2023. Digital Platform Operators will then be required to report on the year 2023 for the first time in 2024. Digital Platform Operators should already have seller due diligence procedures and controls in place as of 1 January 2023.

The implementation of this Directive in the Netherlands means that as of 1 January 2023, platform operators are required to provide information on Reportable Sellers making use of digital platforms, such as their income, to the tax authority.

## DAC8

DAC8 extends the scope of automatic exchange of information under DAC to information that will have to be reported by crypto-asset service providers on transactions (transfer or exchange) of crypto assets and e-money. The provisions of DAC8 on due diligence procedures, reporting requirements, and other rules applicable to crypto-asset service providers largely reflect the Crypto-Asset Reporting Framework (CARF) and a set of amendments to the Common Reporting Standard (CRS), which were prepared by the OECD under the mandate of the G20. The G20 endorsed the CARF and the amendments to CRS, both of which it considers to be integral additions to the global standards for automatic exchange of information.

The Netherlands has already consulted on a bill implementing DAC8 and the Dutch cabinet aims to submit the bill to the House of Representatives at the second quarter of 2025.

## DAC9

In October 2024, the European Commission has proposed amendments to the EU Directive on administrative cooperation in taxation (DAC9). If adopted by the Council of the EU, the rules would enable MNE groups and large domestic groups to file a single Pillar Two Top-up tax information return in one EU Member State instead of multiple filings across different EU Member States.

## Conditional source tax on interest and royalties

From 2021 onwards, interest and royalty payments to group companies established in low-tax jurisdictions are subject to a source tax (withholding tax). The rate in 2025 is 25.8 per cent (as it was in 2024), although it may be reduced by a tax treaty, if applicable. A conditional withholding tax liability will also be applicable to abusive situations, e.g. where payments are artificially diverted. The rationale behind the introduction of the conditional source tax on interest and royalties is to prevent the Netherlands from being used as a gateway to low-tax jurisdictions and to reduce the risk of tax avoidance through the shifting of (Dutch) taxable income to such jurisdictions.

Low-tax jurisdictions are both jurisdictions with a statutory corporate tax rate of less than nine per cent and jurisdictions on the EU list for non-cooperative jurisdictions.

## Conditional source tax on dividends

From 2024 onwards, the Netherlands applies a conditional withholding tax at a rate equal to highest corporate income tax rate (25.8 per cent):

- on dividend payments to shareholders established in low-tax jurisdictions; and
- in situations of abuse, i.e. where artificial arrangements are employed to avoid the imposition of Dutch dividend withholding tax.

The rationale behind the introduction of the withholding tax is the same as that for the conditional source tax on interest and royalties.



## Additional substance requirements for service companies

As of 1 January 2021, additional substance requirements apply to service companies. A service company is a Dutch tax entity whose activities consist for more than 70 per cent of the direct or indirect receipt and payment of interest, royalties or rent from a foreign group entity. These substance requirements supplement the earlier substance requirements for service companies and are 100,000 euro in relevant labour costs and office space for at least 24 months. If these requirements are not met, information is exchanged with the country from which the interest, royalties or rent is paid (the source state). The result could be that the source state deprives the taxpayer of treaty benefits.

## State aid

For several years, the European Commission has been investigating whether certain schemes/regimes and individual tax rulings between companies and local authorities are in breach of EU State aid rules. In some of these cases the European Commission has already issued final decisions concluding that these schemes and tax rulings constitute unlawful State aid. One of these final State aid decisions concerns a Dutch tax ruling. The Dutch government has appealed this decision with the General Court (that is the court of first instance within the EU). In its judgment, the General Court annulled the decision of the European Commission because, in the Court's view, the European Commission did not demonstrate the existence of an economic advantage within the meaning of EU State aid rules. The European Commission accepted this decision by the General Court.

The European Commission has also investigated other Dutch tax rulings for which a final State aid decision is expected. The Dutch government has also taken the position that the Dutch tax ruling practice in general does not allow for State aid, considering that Dutch tax rulings do not deviate from Dutch tax law as the goal of Dutch tax rulings is to obtain certainty about the implications of the tax law in advance.

## Transfer pricing: country-by-country reporting, master file and local file

The Dutch rules follow the guidance provided by the OECD in their Transfer Pricing Guidelines 2022 (TPG).

The requirements regarding what documentation should be available depends on the group revenue:

- (General) transfer pricing documentation: irrespective of the group revenue, each Dutch corporate income taxpayer is obliged to prepare transfer pricing documentation to substantiate the arm's length nature of its domestic and cross-border intragroup transactions. This documentation is form-free and should at least include a functional and economic analysis, including the five comparability factors and the selection and application of the transfer pricing method.
- Master file and Local file documentation: a Dutch corporate income taxpayer which is part of an international group with a consolidated turnover of at least 50 million euro (in the previous year) has to prepare its transfer pricing documentation - based on Dutch tax law - in line with the transfer pricing documentation guidance provided in Chapter V of the TPG for its cross-border intragroup transactions.
- Country-by-Country report: if the consolidated turnover of the international group equals or exceeds 750 million euro (in the previous year), the group is also obliged to prepare and file a Country-by-Country Report (CbCR):
  - If the ultimate parent company or surrogate parent entity resides in the Netherlands, the CbCR and a notification should be filed in the Netherlands.
  - If the ultimate parent company or surrogate parent entity files the CbCR in another jurisdiction, the (Dutch) taxpayer should file a notification only to inform the tax authorities which entity has filed.

The Dutch rules prescribe that the transfer pricing documentation should be maintained in the taxpayer's administration (records). The Master file and Local file documentation should be prepared and maintained in the records of the taxpayer within the term set for filing its corporate income tax return.





The transfer pricing documentation rules are implemented in Dutch law and further guidance is provided in parliamentary history, in the Dutch transfer pricing decree (Verrekenprijssbesluit 2022) and in the regulations for additional documentation on Transfer Pricing (Regeling aanvullende documentatie verplichtingen verrekenprijzen). For permanent establishments specifically, further guidance is provided in the Profit Allocation decree (Winstallocatiebesluit 2022).

Furthermore, the Netherlands has implemented public CbCR for financial years starting on or after 22 June 2024.

### Working on the narrative: Public CbCR

The Public CbCR Directive requires multinational groups and certain standalone undertakings with a total consolidated revenue of at least 750 million euro for two consecutive years (including the financial year in question), whether headquartered within the European Union or not, to publicly disclose the corporate income tax they pay in each EU Member State. This also applies to each of the countries on the EU list of non-cooperative jurisdictions for tax purposes ('the EU's blacklist') or those listed for two consecutive years on the list of jurisdictions that do not yet comply with all international tax standards but have committed to reform (the 'EU's grey list').

EU Member States had to transpose the Directive into national legislation by 22 June 2024. The first financial year of reporting on income tax information will be the year starting on or after 22 June 2024 at the latest. The

Netherlands has already enacted legislation to implement the public CbCR Directive.

If the Ultimate Parent Entity (UPE) is based in the EU, the UPE is obliged to report. If the UPE is based outside of the EU, every "medium" and "large" subsidiary undertaking or "qualifying" branch will have a separate reporting obligation. If the non-EU UPE does not provide the information, they must draw up a pCbCR report based on the available information. Each medium and large subsidiary in the EU (including those in the Netherlands) has a separate reporting obligation. There is a possibility of simplifying the multiple reporting obligations for non-EU headquartered MNEs to an EU single undertaking when certain requirements are met.

The report needs to be filed at the commercial register (KvK) and made available on the website of the reporting entity. Please also note that even if there is no qualifying presence in the Netherlands, reporting obligations may exist in other EU Member States with a qualifying presence (and potentially under different deadlines and conditions). This applies only in the case of non-EU headed groups.

The narrative behind the data is particularly important. Data does not always tell its own story, so businesses should consider explaining the narrative behind it to the public. Additional to the narrative, its alignment with other reporting obligations and the accuracy of the data communicated in the light of the Transitional Safe Harbour rule for Pillar Two are also important.

## What can we do for you?

- Discuss the possible consequences of Pillar One and Two for your business
- Help you recognise possible DAC6, DAC7 and DAC8 reportable transactions
- Determine whether your business runs a State aid risk
- Determine the need to file a (public) country-by-country report and assist you with both the data and the narrative
- Help you set up a local file and a master file
- Help you assess whether your group has multiple reporting public country-by-country reporting obligations in the EU





## Dutch taxes

### Corporate income tax

#### Scope

In general, a Dutch resident company is subject to corporate income tax (CIT) on its worldwide income. However, certain income can be exempted or excluded from the tax base. Non-resident entities have a limited tax liability. In principle, only 'Dutch source income' is included in the CIT base of non-resident corporate taxpayers. For these companies, the income from Dutch sources includes e.g. income derived from a business enterprise in the Netherlands. This is the income attributable to a business or part of a business operated through a permanent establishment or permanent representative in the Netherlands.

#### Residence

In the Netherlands, corporate residence is determined by a company's specific facts and circumstances. Management and control are important factors in this respect. Companies incorporated under Dutch law are deemed to be residents of the Netherlands.

To obtain a Dutch tax residency certificate or a tax ruling, minimum substance requirements are guidelines in ensuring that effective management and control of the company are based in the Netherlands. There are additional substance requirements for service companies, see under 'Additional substance

requirements for service companies' under 'International developments' on page 26.

#### Tax rate

The standard CIT rate is 25.8 per cent. A lower rate of 19 per cent applies to taxable income up to 200,000 euro. If the criteria are met, fiscal investment funds are taxed at a CIT rate of nil per cent. Under conditions, certain investment funds are eligible to opt for an exempt status for Dutch CIT purposes.

#### Income determination

Corporate income is determined annually in accordance with the principles of 'sound business practice'. Profits and losses are attributed to the book years with reference to the basic principles of realisation, matching, reality, prudence and simplicity. Dutch tax law, however, also contains rules that expressly deviate from the concept of sound business practice. For example, tax laws may limit the annual depreciation of some assets but also offer the possibility of accelerated depreciation of other assets. In addition, there are many exceptions to the main rules because of special fiscal facilities, the most important one being the participation exemption, which will be discussed on page 29.

The Dutch tax system provides several tax incentives, for example to stimulate certain investments. If the conditions are met, tax incentives are available for small-scale investments, investments in energy-efficient or environmental assets and for research and development



activities. For more information see Tax incentives on page 48. The Netherlands also provides for an optional favourable regime for the calculation of profits from qualifying activities of seagoing vessels. Certain conditions have to be met.

The remuneration for activities performed should be at arm's length, meaning that terms, conditions and pricing of transactions between affiliated companies should be similar to those applied between independent third parties. Dutch companies are obliged to produce and maintain appropriate transfer pricing documentation substantiating the transfer prices used. The documentation should, among other things, include a functional analysis (description of the functions, risks and assets), an economic analysis (including benchmarks) as well as transfer pricing policy documents and internal contracts. Depending on the situation, the documentation obligations also include a country-by-country report, a master file and a local file. We refer to page 25.

If a transaction between related parties is not at arm's length, the taxable income may be adjusted by the Tax Authorities. Moreover, transactions that do not meet the arm's length test may be deemed to be a contribution of informal capital or a deemed profit distribution (the latter may trigger dividend withholding tax). This could result in additional profit being taken into account in case of mismatches between a non-Dutch and the Dutch tax system (in line with international developments).

### Rules preventing mismatches when applying arm's length principle

As of 1 January 2022, the Netherlands limits a downward adjustment of the taxable profit for taxpayers to the extent that, at the level of the other company involved in the transaction, no (or a too low) corresponding upward adjustment of the tax base is made.

This rule aims to eliminate the transfer pricing differences that arise because of a different application of the arm's length principle – particularly in international situations – which may result in part of the profit of a multinational escaping taxation.

In order to avoid double taxation, the Netherlands will under certain conditions (e.g. upward adjustment in another year, or transactions with a hybrid entity whose participations are subject to tax) still allow a downward adjustment.

### Interest deduction

In principle, interest expenses are deductible for corporate income tax purposes. However, various interest deduction restrictions do apply, such as the earnings stripping rule. The earnings stripping rule limits the deduction of the on balance interest cost to 24,5 per cent (2024: 20 per cent) of the taxpayer's fiscal EBITDA with a threshold of 1 million euro and a carry forward rule. Furthermore, there are specific interest deduction restrictions to prevent tax base erosion by interest deduction.

The most important interest deduction limitation is on interest paid on intra-group debts relating to certain transactions. Transactions that are in scope of these anti-abuse rules are an internal or external acquisition, a dividend payment (distribution of profit), or a capital contribution into an affiliated company (i.e. an interest in the company of at least 1/3). Interest that relates to the financing of such transactions is only deductible if the loan and the underlying transaction are based predominantly on sound business considerations or if the interest received is effectively and sufficiently taxed by Dutch standards. There is much to be said about both conditions, therefore a thorough analysis of this interest deduction limitation in the specific situation is very important.

### Depreciation

Generally, depreciation may be computed by using a straight-line or a reducing-balance method or on the basis of historical cost. However, Dutch tax law includes specific rules that can limit the depreciation of immovable property, goodwill and other assets.

On the other hand, the law provides accelerated and random depreciation of several specific assets. Accelerated depreciation applies to qualifying investments in assets that are in the interest of the protection of the environment in the Netherlands (the allowed percentage for accelerated depreciation is 75 per cent, the normal depreciation regime applies to the other 25 per cent of the investment). Accelerated depreciation is also available for certain other designated assets, for example, investments of starting entrepreneurs and seagoing vessels. Under conditions, the costs of the production of intangible assets may be taken into account at once.



### Functional currency

A Dutch taxpayer may upon request and under certain conditions determine its taxable income in a currency other than euro. The request should be filed during the first book year of incorporation or prior to the start of a new book year in later years. Tax payments must always be made in euro.

### Participation exemption

The Dutch participation exemption regime aims to eliminate economic double corporate taxation of profit distributions paid by a subsidiary to its parent company. A corporate taxpayer is exempt from Dutch corporate income tax on all benefits, such as dividends and capital gains, connected with a qualifying shareholding, in general a shareholding of at least 5 per cent. Such benefits are also eligible for an exemption of Dutch dividend withholding tax if distributed by a Dutch resident entity. If a taxpayer fails, the so-called motive test and the participation is actually or deemed to be held as a portfolio investment – then the participation exemption would still apply if:

- the subsidiary in which the portfolio investment participation is held, is subject to tax that is reasonable according to Dutch standards, i.e. an effective tax rate of at least 10 per cent ('effective tax rate test'); or,
- less than 50 per cent of the assets, directly or indirectly owned by the subsidiary in which the portfolio investment participation is held, consists of low-taxed free portfolio investments ('asset test').

There is no minimum holding period in relation to the applicability of the participation exemption. As an exception to the participation exemption regime, losses arising from the liquidation of the company in which a qualifying participation is held may be deductible for CIT purposes. The limitations and conditions applicable have been changed per 2021.

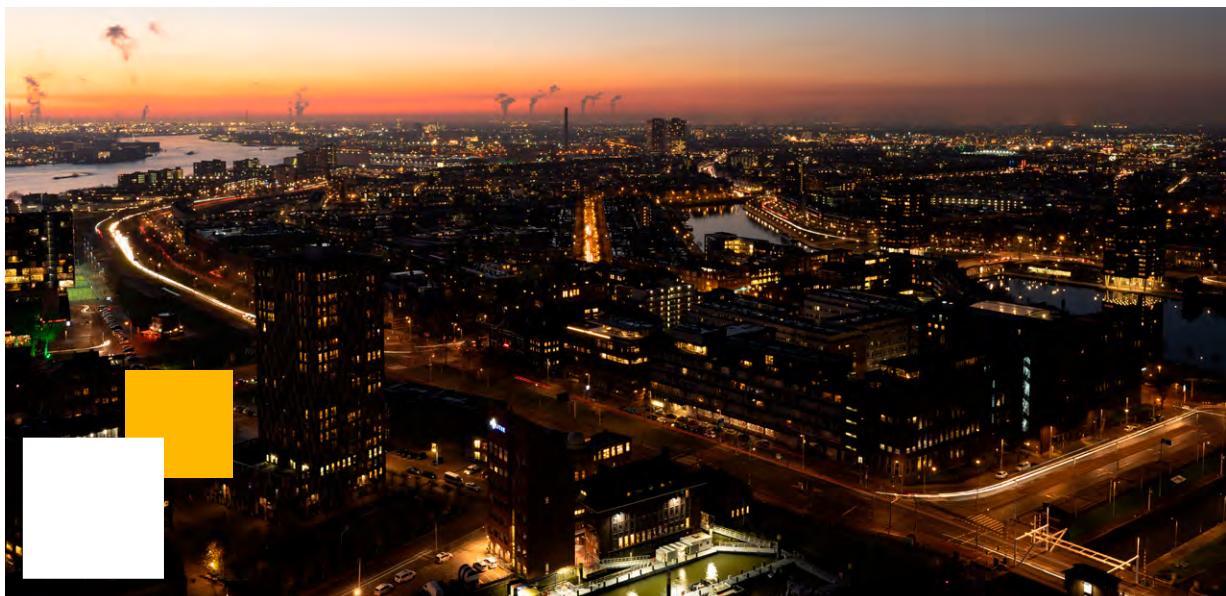
Expenses relating to the sale or purchase of participations are non-deductible.

For non-qualifying portfolio investment participations, an indirect tax credit system is applicable for foreign taxes instead of the exemption. Income and expenses relating to earn-out receipts and payments are not taxable.

The participation exemption includes a CFC-rule. The CFC-regime targets corporate taxpayers that hold a direct or indirect interest, either standalone or with affiliated companies, an interest of more than 50 per cent in a subsidiary or disposes of a permanent establishment in either a low-taxed, i.e. less than 9 per cent, or a non-cooperative jurisdiction that is explicitly listed by the Dutch Ministry of Finance.

### Innovation box regime

A special regime applies with respect to profits, including royalties, derived from a self-developed intangible asset. Under the 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 per cent, by means of a reduction of the tax base.

The innovation box regime applies mostly to profits from innovative activities that take place in the Netherlands. The innovation box can be a very important facility. In combination with other facilities (see 'Tax incentives' on page 48), it makes the Netherlands the ideal location for R&D activities.

### Fiscal unity

A Dutch resident parent company and its Dutch resident subsidiaries may, under conditions, opt to be treated as one taxable entity for the Dutch CIT by forming a 'fiscal unity'. Under the fiscal unity regime, inter-company transactions are eliminated and the business proceeds of the included companies are balanced for CIT calculation purposes. Companies with their place of residence in the Netherlands, both for Dutch tax law purposes and tax treaty purposes, may be eligible to opt for this regime. Under conditions, taxpayers that are resident abroad may also be included in a Dutch fiscal unity insofar as they run a business in the Netherlands through a permanent establishment.

The main requirements to apply for this facility are that the parent company holds directly or indirectly at least 95 per cent of the shares in one or more Dutch resident companies, the place of effective management should be located in the Netherlands and the entities should be subject to the same tax regime.

The advantages of the fiscal unity include:

- Filing a single CIT return.
- Offsetting of losses during the existence of the fiscal unity.
- Elimination of certain intercompany transactions.

Disadvantages of a fiscal unity may be that each company is jointly and severally liable for the corporate income tax debts of the fiscal unity. Furthermore, certain tax incentives might have a more limited application and the first corporate tax rate bracket and other thresholds are reached sooner.

A fiscal unity for corporate income tax purposes only comes into existence after a request has been filed with the Tax Authorities and can have a maximum retroactive effect of three months (provided that the conditions have been met during this term).

It is possible to form a fiscal unity between a Dutch parent company and its Dutch sub-subsidiary, excluding the intermediary holding company if the intermediary holding company is an EU/EEA resident company and other conditions are met. It is also possible to form a fiscal unity between two Dutch sister companies excluding their parent company, if the parent company is an EU/EEA company and other conditions are met. Also forming a fiscal unity with a Dutch permanent establishment of an EU company has been made considerably easier.

ECJ case law - the so called 'per element approach' has an impact on the fiscal unity regime.

This results in, among others, disregarding the fiscal unity for the purpose of the provision on the interest on related party debts, the provision of the participation exemption regime on portfolio investment participations, the 'anti-mismatch' rule of the participation exemption regime and the provision on loss utilisation in cases of significant changes in ultimate ownership.

### Net operating losses

As of 2022, tax loss utilisation is no longer limited in time. On the other hand, a new limitation is introduced: only the first 1 million euro profit can be used for offsetting losses in full. Loss relief against any further profit will be limited to 50 per cent of such profit.

Specific anti abuse rules however may still completely prohibit the utilisation of net operating losses after a change of 30 per cent or more of the ultimate control in a company.

No cross-border relief is available with regard to foreign permanent establishments. Foreign source losses cannot be offset against Dutch source profits. An exception applies to 'final losses', losses realised upon the discontinuation of foreign business operations. Under certain conditions, the 'liquidation and cessation loss regime' allows final losses of foreign permanent establishments to be taken into account for Dutch CIT calculation purposes.

### Foreign income and double tax relief

The worldwide income of a resident corporate taxpayer is included in the Dutch CIT base, but the Dutch system usually subsequently provides for double tax relief. The Netherlands has concluded more than 90 tax treaties for the avoidance of international double taxation. In case no



treaty applies, the Netherlands often unilaterally provides for double tax relief. In addition, taxpayers may benefit from the favourable rules provided by EU directives and EU law. The Netherlands, like over 90 other jurisdictions, signed the OECD's multilateral instrument ('MLI') to swiftly implement several measures to update its tax treaties and lessen possibilities for tax avoidance. Along with over 50 other jurisdictions, the Netherlands also ratified the MLI which means it may affect their mutual tax treaties.

Double taxation of foreign dividends (if not exempt under the participation exemption), interest, and royalties is relieved by a tax credit provided for in Dutch tax treaties or, if the payer of the income tax is a resident of a developing country, designated by Ministerial Decree unilaterally. If no treaty or unilateral relief applies, a deduction of the foreign tax paid is allowed in computing the net taxable income.

The Dutch tax law provides for double tax relief for Dutch resident corporate taxpayers deriving profits from foreign business activities. The taxpayer's worldwide profits are determined according to Dutch tax standards and subsequently reduced by an amount equal to the 'positive and negative business income items derived from foreign sources' on a per-country basis. The eligible income items include, for example, the business profits attributable to a permanent establishment located abroad and the income from immovable property located in the other state.

In most circumstances, foreign dividends are exempt from Dutch CIT under the participation exemption,

as previously discussed. As a consequence, foreign withholding tax cannot be credited and constitutes a real cost for the companies concerned. However, if a Dutch company re-distributes such dividends, a credit of the foreign withholding tax may be granted against Dutch dividend withholding tax due on the distribution. The credit amounts to a maximum of three per cent of the gross dividend paid. Note that the Netherlands, as a tax treaty policy, aims to achieve an agreement on a low or nil withholding tax rate for dividends from a participation in a bilateral tax treaty.

As of 1 January 2022, offsetting of Dutch dividend tax and gambling tax against corporate income tax is limited to the annual amount of corporation tax due. Dutch dividend tax and gambling tax that cannot be set off will be carried forward for offsetting in the next year.

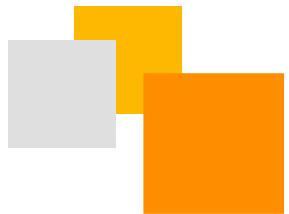
### Exit tax

If, for any reason, you wish to migrate your company from the Netherlands, an exit tax is due on realised and unrealised profits (hidden reserves and goodwill). The taxable amount is calculated at the time of migration and is formalised in an assessment. If the new place of residence is within an EU/EEA Member State, the tax due may, on request, be paid in 5 annual instalments. The company has to comply with certain administrative requirements and may have to provide security in order to obtain the deferral. An initiative bill has been pending for over two years that, under certain circumstances, would levy a dividend tax on migration from the Netherlands. It is uncertain if and when this proposed legislation will enter into force, and if so, if it will contain retroactive effect.

## What can we do for you?

- Advise you on the application of Dutch CIT and (dividend) withholding tax to your business
- Assist you in complying with the formal and administrative rules
- Advise and assist you on the application of the innovation box regime to your business
- Advise you on the application of the fiscal unity regime and participation exemption to your business
- Determine the impact of anti-avoidance provisions like CFC legislation and interest deduction limitation rules such as the 20 per cent EBITDA restriction





## Withholding taxes

### Dividend withholding tax

Dividends from Dutch corporations are generally subject to a 15 per cent Dutch dividend withholding tax. In general, in a business-driven structure this does not apply to a Dutch cooperative. Dividend withholding tax on dividends received by taxpayers or corporate entities is creditable against the personal income tax and the corporate income tax due (if the income is not exempt under the participation exemption and limited to the annual amount of corporation tax due).

Dividends paid to corporate entities in other EU/EEA countries are often exempt from dividend withholding tax due to the EU Parent/Subsidiary Directive or EU/EEA law. This exemption also applies to dividends paid to corporate entities in countries with which the Netherlands has a bilateral tax treaty. The exemption for the withholding of Dutch dividend withholding tax is subject to targeted anti-abuse rules, which are interpreted in accordance with the OECD BEPS Project.

A 'holding cooperative' might be obliged to withhold dividend withholding tax if, in the preceding year, at least 70 per cent of the actual operations of a holding cooperative domiciled in the Netherlands consist of holding activities. Cooperatives that have membership rights comparable to shares remain obliged to withhold dividend tax regardless of their qualification as a holding cooperative.

### Conditional source tax on dividends

From 2024 onwards, the Netherlands will apply a conditional withholding tax at a rate equal to highest corporate income tax rate (25.8 per cent).

- on dividend payments to shareholders established in low-tax jurisdictions; and
- in situations of abuse, i.e. where artificial arrangements are employed to avoid the imposition of Dutch dividend withholding tax.

The rationale behind the introduction of the withholding tax is the same as that for the conditional source tax on interest and royalties.

### Withholding tax on interest and royalties

As per 1 January 2021, the Netherlands has a conditional withholding tax on outbound interest and royalty payments to affiliated entities in countries which levy no tax on profits or at a statutory rate of less than 9 per cent, countries on the EU list of non-cooperative jurisdictions, and in tax abuse situations. The withholding tax rate is equal to the highest corporate income tax rate, being 25.8 per cent. Also see the paragraph 'Conditional withholding tax on interest and royalties' under Tax compliance on page 25 .

## What can we do for you?

- Assess whether an obligation to withhold dividend tax exists
- Help you to determine your tax liability, both for withholding tax and income tax purposes
- Inform you about the conditions and application of a bilateral tax treaty
- Assist you in complying with the formal and administrative rules such as notification deadlines, application forms, objection and appeal





## Value added tax

### EU context

The system of value added tax (VAT) in the Netherlands is based on EU regulation and is essentially the same as that used in the rest of the EU. However, there still are some significant differences in details between various Member States of the EU, especially with regard to the VAT rates, formal VAT requirements and the applicable business context.

### The VAT system

VAT is effectively a tax on consumer expenditure. So, in theory, the final burden of the tax should not be on business activity. This objective is achieved by an arrangement known as the input VAT deduction system. When a business buys goods or services, it usually pays VAT to the supplier (input tax). When the business sells goods or services, whether to another business or to a final consumer, it is usually required to charge VAT (output tax) unless the supplies are specifically relieved from VAT. If the business makes only taxable supplies, it must periodically total the input VAT it incurs and deduct this from the total output VAT charged, paying (or claiming) the balance to (from) the (Dutch) Tax Authorities. The result is that the end consumers bear the total cost of VAT on the final price of the goods or services they purchase.

VAT is charged on the supply of goods and services supplied in the Netherlands by a taxable person in the course of exercising a business, unless the supplies are zero-rated or exempt. A VAT taxable person is anyone performing business activities in the Netherlands. Furthermore, the intra-Community (i.e. within the EU) acquisition in the Netherlands by taxable persons or non-taxable legal persons, the intra-Community acquisition of a new means of transport by any person, and the importation of goods are also considered taxable events.

All the above-mentioned events are taxable if performed in the Netherlands, even when they are carried out by non-residents.

If the business is liable for VAT on its transactions in the Netherlands, it will have to register for VAT.

### Holding, financing companies

Special attention needs to be given to the VAT position of holding and/or financing companies. The exact VAT status (VAT entrepreneur or not) and VAT deduction position depends on several aspects and might be complicated.

### Fiscal unity / VAT group

The Netherlands allows legally independent businesses that are closely bound to one another by financial, economic and organisational links to be treated as a single taxable person.

### Transactions between head office and branch in scope of VAT in case of VAT group

As of 1 January 2024, the Decree of the State Secretary of Finance on VAT fixed establishments is amended. Cross-border services between a head office or VAT fixed establishment that is part of a VAT group and a VAT fixed establishment or head office established outside that EU Member State will be subject to VAT.

This is relevant for establishments in the Netherlands and establishments in other Member States. Since these services are VAT taxable, reverse charge VAT may be due in the Netherlands for charges of (a) foreign establishment(s) to Dutch establishment(s). Furthermore, it may affect the right to deduct input VAT in case Dutch establishment(s) charge amounts to other fixed establishment(s) outside of the Netherlands. The fact that services between establishments will be in scope of VAT as of 2024, does not mean that all charges will result in VAT consequences. It for instance needs to be determined if for all transactions there is a remuneration for a service for VAT purposes and/or if it may be possible to apply a VAT exemption on (part of) the transactions.

### Rates

Currently, the standard VAT rate in the Netherlands is 21 per cent. A reduced VAT of 9 per cent applies to certain essential goods and services, for example food and drinks, passenger transport and certain labour-intensive repair and maintenance activities. A zero per cent rate applies to, for example, the export of goods.

As of 2023, the zero per cent rate applies to the supply and installation of solar panels and solar panels used as roofing materials. The zero VAT rate only applies if the solar panels are intended to be installed on or in the immediate vicinity of private dwellings or housing.

Additionally, various types of supplies are exempt from VAT, such as educational and medical services. The difference between zero per cent VAT (zero rate) and an exemption is that the VAT incurred on costs that are incurred for VAT exempt transactions cannot be settled with input VAT. Zero-rated transactions in principle allow for a full deduction of input VAT.



### Deferment of import VAT

In contrast to some other EU Member States, the Netherlands has implemented a system that provides for the deferment of actual payment of import VAT at the time of importation. Instead of paying import VAT when the goods are imported into the EU, the payment can be deferred to the periodic VAT return. Under this system, the import VAT should be declared but this amount can simultaneously be deducted in the same VAT return. As a result, in principle there is no actual payment of VAT at import, thus avoiding cash flow disadvantages.

### Form-free administration and e-invoicing

Contrary to some other European countries, form-free administration is allowed in the Netherlands. There are some general requirements regarding the content and readability of the administration, as well as the obligation to retain the administration for seven years (ten years when it relates to immovable property), but basically the entrepreneur is free to determine how the administration is organised, as long as data can be made available in a legible and comprehensible way upon request of the Dutch Tax Authorities. This makes it relatively easy for businesses in the Netherlands to comply with the Dutch administrative obligations compared to other EU Member States.

Another advantage is that the Netherlands has introduced legislation that allows for form-free e-invoicing. This means that, although the standard invoicing requirements have to be met, the way in which the electronic invoices are sent is up to the entrepreneur, as long as the authenticity of origin, the integrity and completeness of the content and the readability of the electronically stored invoices are guaranteed.

### VAT refund request

General VAT refund requests are processed within a couple of weeks in the Netherlands, which is advantageous from a cash flow perspective.

### VAT and E-commerce

Platforms are facing complicated VAT rules and far-reaching administrative and data retention obligations. Under certain conditions, the facilitating platform will be deemed to be the supplier of the goods itself. The VAT rules for E-commerce facilitate the reporting of the VAT in so-called One-Stop-Shop VAT returns. Specific set-up is required in the system to facilitate the reporting obligations.

### CESOP for Payment Service Providers

As of January 1, 2024, based on EU law, additional administrative obligations apply to a broad group of European payment service providers. With 25 or more cross-border payments per beneficiary per quarter, the payment service provider is obliged to keep payment data in registers with sufficient accuracy and to share these registers with tax authorities of the relevant Member State. The tax authorities of the Member States exchange this data in the context of the fight against fraud via the newly established database Central Electronic System of Payment Information (CESOP).

There are rules that determine per transaction to which country the CESOP obligations apply. For example, if the beneficiary of a payment engages a Dutch payment service provider and the payer/consumer engages a payment service provider in another EU country, the Netherlands is the country where the CESOP registration must take place. The Dutch VAT Act regulates which data must be included in the registers of the payment service providers.

## What can we do for you?

- Developing a VAT Control Framework
- Adjusting the ERP system (accounting system) for VAT purposes
- Assessing the potential impact of the adjusted rules for head offices and VAT fixed establishments and implementing this in your systems and invoicing flows
- Help you with finding solutions for extending SAP-systems that give an insight into all data which is relevant to determine the VAT payable
- Help you to implement the checks and balances for E-commerce platforms to determine the correct VAT treatment (even if the supplier would provide incorrect information)





## Customs and excise

### EU: customs union

Due to its excellent logistical infrastructure, the Netherlands is often chosen as a primary logistic hub for the EU. If your business imports goods into the Netherlands from outside the EU, the goods will have to be declared for customs purposes and may be subject to customs duties and VAT. The EU is a customs union, which means that the EU is treated as a single territory for customs purposes and that in principle the same rules and rates apply in each Member State. This means that, once goods are in 'free circulation' (i.e. all duties paid and import formalities completed) in one Member State, such as the Netherlands, they can move freely between all other Member States, without further payment of customs duties or further customs formalities.

However, although the rules are the same throughout the EU, the interpretation and/or application may differ in the various EU countries. As a result of the long tradition of being a trading country with an open and business friendly environment, the Dutch Customs Authorities are known for their flexible solutions in terms of customs supervision. This does not mean that lower duties are levied or no controls are performed, but it does mean that the Dutch Customs Authorities typically try to perform their controls and supervision in such a manner that it has little impact on the company's operations.

### Customs duties

There are essentially three areas that determine the amount of customs duties payable on goods imported from outside the EU. These are:

#### Classification

The amount of customs duties depends on how the goods are classified in the EU Combined Nomenclature (the EU list of codes and duty rates for customs purposes), as this determines whether goods are subject to ad valorem customs duty rates (i.e. a set percentage of the value) or to specific customs duty rates (e.g. a set amount per volume) or no customs duties at all (i.e. a zero rate).

Upon application, the Dutch Customs Authorities will issue a decision on the classification of the product. A Binding Tariff Information (BTI) provides security on the classification as it binds both the holder of the BTI as well as the Customs Authorities in each EU member state. We can assist with determining the classification of

your goods and subsequently with the preparation and substantiation of the BTI application.

#### Valuation

Where goods are subject to ad valorem customs duties, the EU customs valuation rules are based upon the WTO valuation rules and likewise require that as a basic rule a transaction value method is applied. This means that the price actually paid or payable is the basis for the customs value, i.e. the value is based upon a buy-sell transaction. The transactions between related parties are basically acceptable as a basis for transaction value. However, the Customs Authorities may request that the arm's length nature of the prices is demonstrated. Only where such transaction value is not available or cannot be applied, alternative methods may apply.

When using a buy-sell transaction as the basis for the customs value, certain cost elements may need to be added in case these are not included in the price paid, e.g. freight and insurance to the EU border, assists, R&D costs or royalty payments. Certain elements e.g. inland freight or inland installation may, in certain circumstances, be excluded, in case these are included in the price paid. In case goods are subject to more than one transaction at the moment they enter the EU, only one of these transactions can be used as the basis for the customs valuation. The importer is not free to choose which transaction he applies as the basis for the customs value. Since the EU interpretation of the rules may also qualify a purchase order as the (beginning) of a transaction, determining the correct basis for the customs value is not always that straightforward.

#### Origin

The EU has many free trade agreements and preferential trade arrangements in place with a large number of countries. These allow goods that, on the basis of the specified strict rules, qualify as originating from such a country to enter the EU at a reduced or zero customs duty rate. In recent years, the EU has concluded various new free trade agreements. For example, the free trade agreements with Japan, the UK, Singapore and Vietnam entered into force in the last years.

However, the EU may also apply trade defence measures upon importation of goods, such as anti-dumping, anti-subsidy (also known as countervailing) or safeguard measures, which generally take the form of additional duties. These are often applied to goods originating from specifically listed countries. Careful consideration must



therefore be given to the customs implications of any sourcing or production decisions.

#### **Customs suspension arrangements**

Unlike the US, the EU does not have a general refund system for customs duties paid. This means that when goods are imported and subsequently re-exported the customs duties paid upon importation will not be refunded. Therefore, in order to avoid unnecessary payment of customs duties for products that are not destined for the EU market, various suspension arrangements can be applied, e.g. for transportation (customs transit), for storage (customs (bonded) warehousing) or for processing (inward processing). Some of these arrangements may also be applied for postponing the payment of customs duties and import VAT. For the application of such suspension regimes typically authorisations are required, which may only be available for EU established companies.

There is also a range of customs reliefs that an importer may use, provided that the criteria are met. For example, a relief of customs duties for goods returning to the EU after being exported.

Furthermore, simplified procedures are available for customs formalities upon import, transit and/or export. These simplified procedures often allow a more flexible handling of the (logistical) operations, with customs supervision being performed in the company's administration rather than with a physical customs check/supervision. The simplifications can also relate to self-issuing certificates of origin for exports, or origin statements on commercial documents such as invoices (authorised exporter). Based on such origin certificates or origin statements, the imports in the country of destination may be subject to reduced customs duty rates.

#### **New customs declaration system**

The Dutch Customs Authorities have implemented a new customs declaration system called DMS. This implementation brings about changes in the process of filing customs declarations. For example, with this new customs declaration system it is no longer possible to submit periodic supplementary declarations on a monthly basis. With DMS, the declaration must be submitted within 10 days from the day the goods are registered in the administration. In addition, there have been several substantive changes regarding the data that needs to be provided to customs through the declaration.



Companies involved in importing or exporting goods to or from the Netherlands will have to navigate a more demanding customs declaration system, which may mean that more declarations and subsequent payments will need to be made. It is crucial to have a good understanding of the declaration process in DMS to prevent any disruptions in your supply chain or delays at the border.

### Excise duty

Excise duty is a consumption tax payable on certain consumer goods that have been specified in a European context. Excisable goods include beer, wine, spirits, tobacco and mineral oil products. The amounts of duties payable may be substantial and the rules regarding excise formalities are complex. These complex formalities for excise goods not only relate to the import of such goods but also concern transport between EU Member States. It is therefore important to seek advice before imports from or transports to another Member State commence.

Furthermore, in order to follow the transportation of excisable goods between and within member states, the European Union developed the Excise Movement and Control System (EMCS). In EMCS, the transport of goods for which excise duties have been paid or are under excise suspension, meaning that the excise duties have not been paid, are monitored. For this an authorisation is required for both the sender and the recipient of the goods, and both are also subject to additional formalities.

### New Trends in Commercial Policies and Trade Defence Measures

Commercial policies and Economic trade defence measures, such as anti-dumping or anti-subsidy duties or banning products from a particular country, are increasingly being used as political instruments to protect the internal market. When one country implements trade defence measures, other countries often follow suit. The impact of trade defence measures can be significant. For instance, it can lead to considerably higher costs to import goods or the blocking of goods at the border. It is therefore important to continuously monitor whether such trade defence measures might affect your products when importing your products.



### Sustainable supply chain regulations

We have witnessed the introduction of new requirements and obligations that focus on sustainability with a significant impact on the supply chains of companies. These sustainable supply chain regulations predominantly follow from the EU and are therefore relevant when importing products into the Netherlands. Some of the most relevant examples include:

#### CBAM

The Carbon Border Adjustment Mechanism (CBAM) has effect as per 1 October 2023 and introduced a levy on the importation of certain goods (iron, steel, cement, aluminium, fertilisers, electricity, hydrogen as well as indirect emissions under certain conditions) into the EU. From October 2023 to the end of 2025 a transition period applies in which companies that import CBAM goods must report on the emissions of their goods. As of 2026 payment obligations will be introduced.

CBAM requires the submission of a CBAM report every quarter, in which the quantity of emissions emitted during the manufacturing of goods is reported. Starting from January 1, 2025, it will be mandatory to calculate the quantity of emissions based on the so-called EU method. This method is similar to the calculation method used in the EU ETS.

#### EU ETS2

The provisions of the Emission Trading System (ETS) for buildings, road transportation and additional sectors (hereafter ETS2) is effective per 1 January 2025. These ETS-2 provisions relate to the use of energy products and will basically apply when these energy products are released into free circulation. The release into free circulation may occur upon importation from outside the EU or when ending an excise duties suspension arrangement, e.g. when releasing mineral oils from an excise warehouse or receiving the products as a registered consignee. Such a release into free circulation will trigger obligations for ETS2. This includes that an ETS2 authorisation and a monitoring plan are required, and the release must be reported to the ETS2 authority.

The holders of excise warehouse authorisations or registered consignee authorisations for mineral oils products and other energy taxpayers should verify whether they may have these ETS2 obligations and if so, start making the preparations for the application of the ETS2 authorisation and look into the requirements of the ETS2 reporting.



#### *EUDR*

The EU Deforestation Regulation (EUDR) requires that products be 'deforestation-free' before they are placed on the EU market or exported from it. The regulation applies to beef, cocoa, coffee, palm oil, rubber, soy, wood, and specific products made with these raw materials, based on their classification under 4 - 6 digit EU HS codes.

Companies and traders wishing to trade or export these products must conduct extensive due diligence on their supply chains. This means they must carry out detailed checks to ensure that their products do not contribute to deforestation. Non-compliance with these obligations can result in significant fines.

To prevent supply chain disruptions and penalties, companies should consider the impact of the EUDR on their supply chain and timely prepare for the new obligations effective per 30 December 2025 for non-SMEs and 30 December 2026 for SMEs.

#### *EPR*

Extended Producer Responsibility (EPR) makes producers (including importers) responsible for the waste management of the products they place on the market in the Netherlands. For example, there are obligations for the collection and recycling of waste materials.

Within the Netherlands, there are EPR obligations for a large number of product groups, each with its own obligations. Products for which an EPR scheme applies in the Netherlands include for example: textiles, packaging, single-use plastics, batteries.

Usually, producers comply with the EPR obligations collectively through a producer organisation. In that case, producers join that producer organisation and have reporting and payment obligations towards this organisation.

## What can we do for you?

- Assist you with getting insight in the classification of your products (and the corresponding duty rate)
- Apply for a Binding Tariff Information (BTI)
- Assist with the implementation of Global Trade Management systems
- Determining a correct customs value; evaluate which elements should be included or excluded from your customs value
- Help your business to get in control of its customs processes. For this purpose, there are a number of tools (e.g. our Customs Monitoring Tool and our Customs Insights Tool) that have proven to help businesses to be in control
- Evaluate whether using free trade arrangements can lower the amount of payable customs duties in the EU
- Assess whether any customs suspension regimes and/or simplifications may be applicable
- Help with getting the relevant authorisations (such as a tax warehouse authorisation) to be able to store and transport excise goods under suspension of excise duties, as well as the transport excise goods for which excise duties are paid
- Advice you on CBAM(-procedures) and support with the preparation and filing of quarterly CBAM declarations
- Support on EU ETS2 for the request of the permit, preparation of the monitoring plan, and fulfilment of reporting obligations
- Assist you with the preparations for EUDR compliance, including impact and readiness assessments and setting up the appropriate data management, supply chain due diligence, and systems
- Assist with the relevant EPR requirements in the Netherlands





## Personal income tax

The Netherlands taxes its residents on their worldwide income; non-residents are subject to tax only on income derived from specific sources in the Netherlands (mainly income from employment, directors' fees, business income, and income from Dutch immovable property).

### Residence

The facts and circumstances determine an individual's residence. In case of a dispute, the Dutch tax courts will examine the durable ties of a personal nature with the Netherlands. An expatriate is generally considered a resident of the Netherlands if, as a married person, his/her family accompanies him/her to the Netherlands, or if, as a single person, he or she stays in the Netherlands for more than one year.

### Qualifying non-resident taxpayer

Qualifying non-resident taxpayers of the Netherlands (i.e. individuals who reside in the EU, EEA, Switzerland or the BES islands (Bonaire, St. Eustatius and Saba) and who earn 90 per cent of their worldwide income in the Netherlands) are also eligible for personal/familial deductions, tax credits, et cetera, which are normally only available to Dutch tax residents.

Up to 2025, it was possible, under the provisions of the expat ruling (see 'Extraterritorial costs and the expat ruling' on page 43), to opt to be treated as partial non-residents. 'Partial' in this respect implies that they are treated as residents for box 1 and as non-residents for box 2 and box 3 purposes (please find the explanation of the boxes underneath). However this provision is scraped, a transitional arrangement is still in pace for expats who made use of the 30% ruling before 2024. These expats can make use of the partial non-resident status until 2026 at the latest.

### Boxes

In the Netherlands, worldwide income is divided into three different types of taxable income, and each type of income is taxed separately under its own scheme, referred to as a 'box'. Each box has its own tax rate(s). An individual's taxable income is based on the aggregate income in these three boxes:

#### Box 1

##### Scope

Box 1 refers to taxable income from work and home ownership. It includes entrepreneurial and employment

income and home ownership of a principal residence (deemed income).

##### Rates

Box 1 has a progressive rate.

Income (EUR)	Tax rate (%)	Social security (%)	Total (%)
0 - 38,441	8.17	27.65	35.82
38,441 - 76,817	37.48	None	37.48
> 76,817	49.50	None	49.50

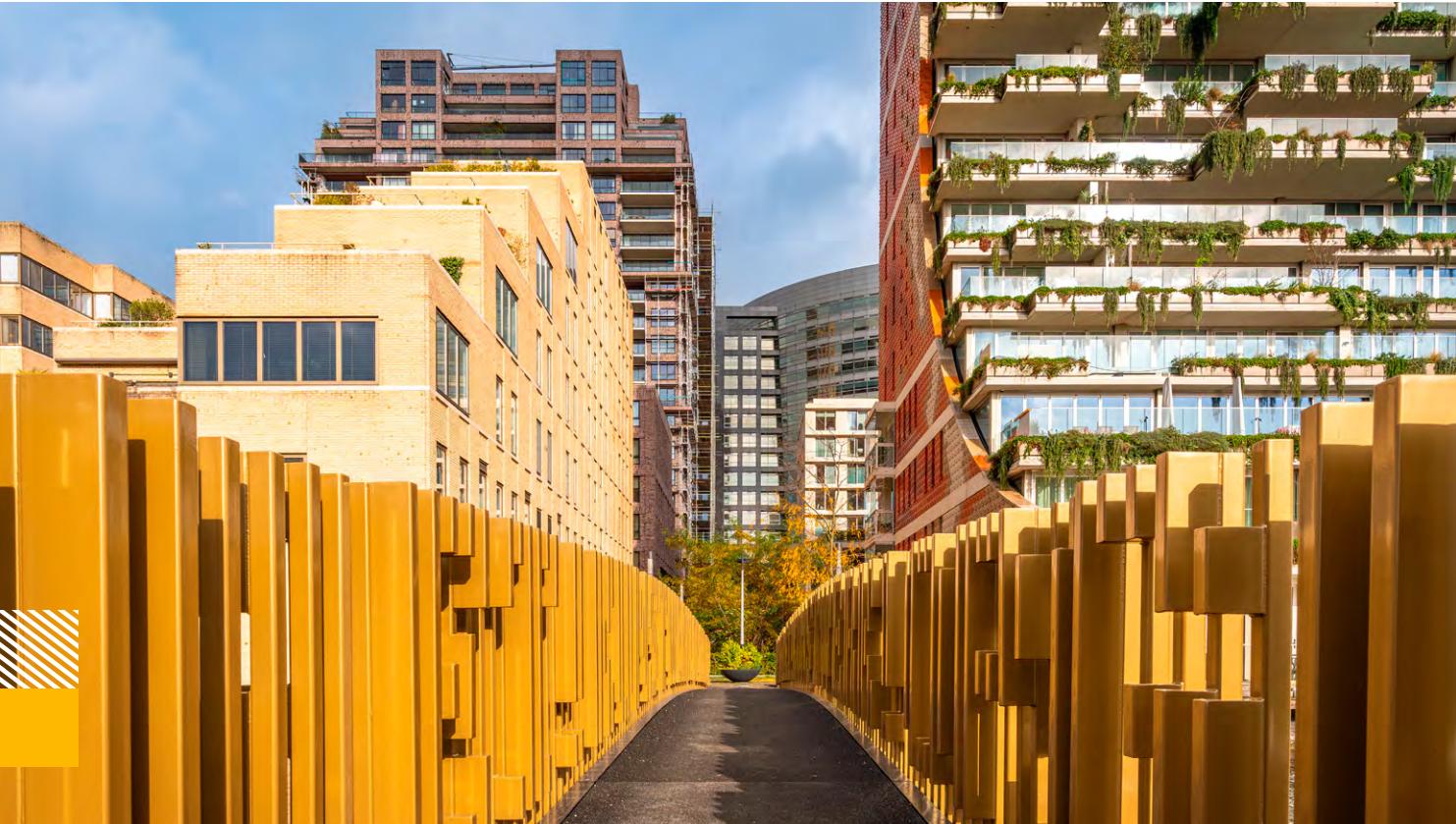
##### Income determination

Regarding box 1, we will discuss income from employment and home ownership, as these are most relevant for employees of foreign companies doing business in the Netherlands.

If an employee is on a Dutch payroll, wage tax will be withheld from its salary. The amount withheld and paid by the employer is applied as a prepayment of income taxes for the employee. Within an employment relationship, all benefits in kind are, in principle, considered taxable income. Such benefits include accommodation allowances, private use of the company car, employee stock options, home-leave allowances, and pre- and post-assignment bonuses. Employer-paid reimbursement of relocation costs relating to the acceptance of new employment is not taxable. The same applies for employer contributions towards approved pension schemes, as the future pension terms will be taxed.

Income and benefits from equity-based remuneration is generally taxable at the moment the benefit vests (shares) or becomes tradable (stock options). In case shares are not tradable after the exercise of a stock option, the taxable moment will be deferred as a main rule until the shares become tradable. An employee can elect (in writing) to keep exercise as the taxable moment. So, in principle the taxable moment will be the moment that the share options become tradable.

The rules regarding 'excessive' remuneration, brings 'lucrative investments' (carried interest arrangements) under taxation in box 1. The income from a lucrative investment, both income and capital gains, will in principle be considered 'income arising from other activities' and, as such, be taxable in box 1. Under certain circumstances the income may be structured to be taxed in box 2 (lower tax rate of 24.5 per cent up to



67,804 euro and 31 per cent above that amount) or box 3 (36 per cent over the (deemed) return on your savings and investments.)

Mortgage interest payments in relation to the financing, renovation, or maintenance of the primary residence may be deducted from box 1 income. To determine the net amount of the deduction, deemed income of, generally, 0.35 per cent of the value of the property is taken into account. An increased rate of 2.35 per cent applies when the value exceeds 1,330,000 euro. This increased rate applies to the portion exceeding 1,330,000 euro. The interest paid on mortgage loans concluded on or after 1 January 2013 can only be deducted if the full mortgage loan is paid off on a periodical basis within 30 years. In the year 2025 the mortgage interest paid can be deducted against a (maximum) tax rate of 37,48 per cent.

#### *Levy rebates*

Qualifying taxpayers are entitled to 'levy rebates'. In addition to the general levy rebate, several other levy rebates may be claimed, depending on the personal situation of the taxpayer (e.g. the single parent rebate).

#### **Box 2**

##### *Scope*

Box 2 refers to taxable income from a substantial interest.

##### *Rates*

Box 2 has two brackets. The first bracket taxes Box 2 income of up to 67,804 euro per person at a rate of 24.5 per cent and above that amount the Box 2 income is taxed at 31 per cent.

##### *Income determination*

A Dutch resident that holds at least five per cent of the shares or a class of shares of a company, or that holds rights to acquire a five per cent interest in a company, has a 'substantial interest'. The benefits derived from this substantial interest are taxable in box 2. These benefits include dividends and the gain on the sale of one or more of the shares or rights. Taxation in box 2 will apply to a non-resident only if he holds a substantial interest in a Dutch-based company.



### Box 3

#### Scope

Box 3 applies to (deemed) taxable income from savings and investments.

#### Rates

Box 3 income is taxed at a flat rate of 36 per cent (2025) over the (deemed) return on your savings and investments (see table below for the fixed returns).

#### Income determination

As from 1 January 2023, new transitional legislation over the tax treatment of savings and investments has entered into force until the introduction of new legislation that is expected to be introduced in 2027. This transitional legislation has been altered after the summer of 2024 introducing a rebuttal scheme for box 3 taxpayers. Starting from mid-2025, taxpayers will be able to declare their actual returns on their entire assets using the "Declaration of Actual Return" form. Between mid-October and mid-November 2024, the relevant taxpayers have received an informational letter.

During the transitional period, your actual assets will be categorised under one of three categories, namely (i) bank deposits (savings), (ii) other assets and (iii) debts. The value under each category on 1 January will be deemed to yield a fixed percentage. The weighted average yield across all categories will be applied to the total assets above a personal exemption of 57,684 euro (2025) in order to determine the taxable benefit that will be subject to tax at a flat rate of 36 per cent (2025).

Non-residents are subject to taxation in box 3 only on the net value of a limited number of Dutch assets, including Dutch real estate not used as the primary residence (which is allocated to box 1), and Dutch profits rights unrelated to shares in box 2 or an employment (which is allocated to box 1).

Please refer to the next table for an overview of the fixed percentages for recent years. The fixed percentages for 2025 with regard to bank deposits and debts have yet to be announced.

Year	Category 1 bank deposits in %	Category 2 all other assets in %	Category 3 debts in %
2020	0.04	5.28	2.74
2021	0.01	5.69	2.46
2022	0.00	5.53	2.28
2023	0.92	6.17	2.46
2024	1.03	6.04	2.47
2025	TBA	5.88	TBA

#### Future changes to box 3

The Dutch government has announced the intention to reform the box 3 system and has released a draft bill for consultation. As a main rule, the proposed new box 3 system assumes taxation of actual returns according to a capital gains system. This system taxes realised and unrealised income from assets and allows related expenses to be deductible. For real estate and for shares in family businesses and start-up (innovative) companies, a capital gains tax applies as an exception to the main rule. The new system should enter into force by 2027, but developments regarding this draft bill indicate this seems to be ambitious and 2028 seems more realistic.

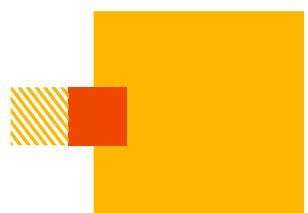
#### Foreign tax relief

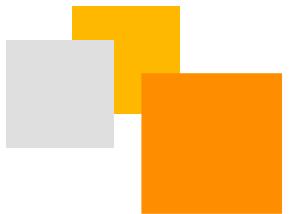
Residents and most partial non-residents are entitled to relief from double taxation under tax treaties or under unilateral relief provisions.

Since 2023 it is no longer possible for directors, that are Dutch tax resident taxpayers, to claim a tax exemption based on an approval of the Dutch Secretary of Finance if the applicable tax treaty only provides for a possibility to claim a tax credit.

#### Social security

The Netherlands has an extensive compulsory social security system, to which both the employer and the employee must contribute. As the social security contributions are capped, the Dutch social security system is relatively inexpensive in comparison to other European social security systems.





The system can be classified as follows:

- National insurance tax: under the national insurance tax regulations, contributions are levied up to a maximum income of 38,441 euro. At present, the contributions are capped at 10,628 euro per annum. From this amount several levy rebates may be deducted. National insurance contributions paid by an employee are not deductible from taxable income. National insurance contributions and income taxes are included as a combined amount in the first income tax bracket.
- Employee's insurance: under the national insurance tax regulations, contributions are levied up to a maximum income of 75,864 euro. The contributions are paid by the employer. It includes unemployment and disability benefits. The average maximum annual contribution amounts to approximately 9,700 euro for an employee with a permanent employment contract and 13,500 euro for an employee with a temporary employment contract. This assumes that you do not qualify as a 'small' employer.
- Health insurance: the employee should individually conclude a health insurance policy with a Dutch health insurance company irrespective of whether international health insurance is available. In addition, the employer is required to make a contribution as well. This contribution is maximised at 4,938 euro.

### Extraterritorial costs and the expat ruling

The actual costs incurred by employees who are hired/assigned from abroad may be reimbursed tax-free provided that these expenses can be proven. These extraterritorial costs basically include all costs that the employee would not have incurred had the employee not been assigned to the Netherlands. Costs that qualify as extraterritorial costs include, among others, costs related to double housing, language courses, residence permits, and home leave.

If certain conditions are met, a foreign employee working in the Netherlands may be granted an expat ruling. Under this ruling, a tax-free reimbursement amounting to 30 per cent of the income from active employment, up to a maximum income of 246,000 euro (2025), can be paid to the employee for a maximum period of five years.

Apart from the base of the expat ruling the employer can reimburse the school fees for an international school for the kids of employees tax-free in full. The 30 per cent reimbursement is intended to cover all extraterritorial costs. If the expat ruling is applied, the actual extraterritorial costs cannot be reimbursed tax-free in

addition to the 30 per cent reimbursement.

However, if the actual extraterritorial costs are higher than the 30 per cent reimbursement, you can choose to reimburse these higher actual costs tax-free instead of the 30 per cent reimbursement if proof of the costs is available.

There are several requirements to qualify for the expat ruling:

- The foreign employee should have specific expertise that is not available or is scarce in the Dutch labour market. This is based upon a salary norm: for 2025 the general gross salary has to amount to a minimum of 46,660 euro (i.e. 66,657 euro including tax-free reimbursement of 30 per cent). A lower norm amounting to 35,468 euro (i.e. 50,669 euro including tax-free reimbursement of 30 per cent) applies to individuals with a university degree who are younger than 30.
- The employee must have lived outside a 150-kilometre radius of the Dutch border during more than 2/3 of a 24-month period before taking up Dutch employment in order to qualify for the expat ruling.
- An application for the expat ruling must be filed within four months after starting the Dutch employment. If this period is exceeded, the ruling, if granted, will only apply as of the month following the month in which the application was filed. The expat ruling may only be applied if the employee is included in a Dutch wage tax administration.
- The maximum term of the expat ruling or the tax-free reimbursement of actual extraterritorial costs is five years.

### Developments and cap of the expat ruling

There have been a few developments with regard to the expat ruling in recent years. From 1 January 2023 onwards, a choice has to be made each year whether actual ET costs are to be reimbursed or if the expat ruling will be applied. It will not be possible to change the decision during the calendar year, except for the first four months. From 1 January 2024 onwards, the application of the expat ruling is capped. From that moment onwards employers can reimburse a maximum of 30 per cent of income up to the 'WNT norm', also known as the 'Balkenende standard' tax free. Based on the amount of the 2024 WNT norm (246,000 euro in 2025), the tax-free remuneration amounts to 73,800 euro per year. If an employee does not work in the Netherlands the entire year, the amount will be calculated pro rata. A transitional regime applies. For employees who benefitted from the



expat ruling in December 2022, the cap will apply as of 1 January 2026 instead of 1 January 2024.

The expat ruling lapses at the end of the next wage tax period following the wage tax period in which the Dutch employment was terminated. The expat ruling cannot be applied on post-departure income. Hence, the expat ruling can, in principle, not be applied on bonuses and equity income that becomes taxable after having left the Netherlands in most situations.

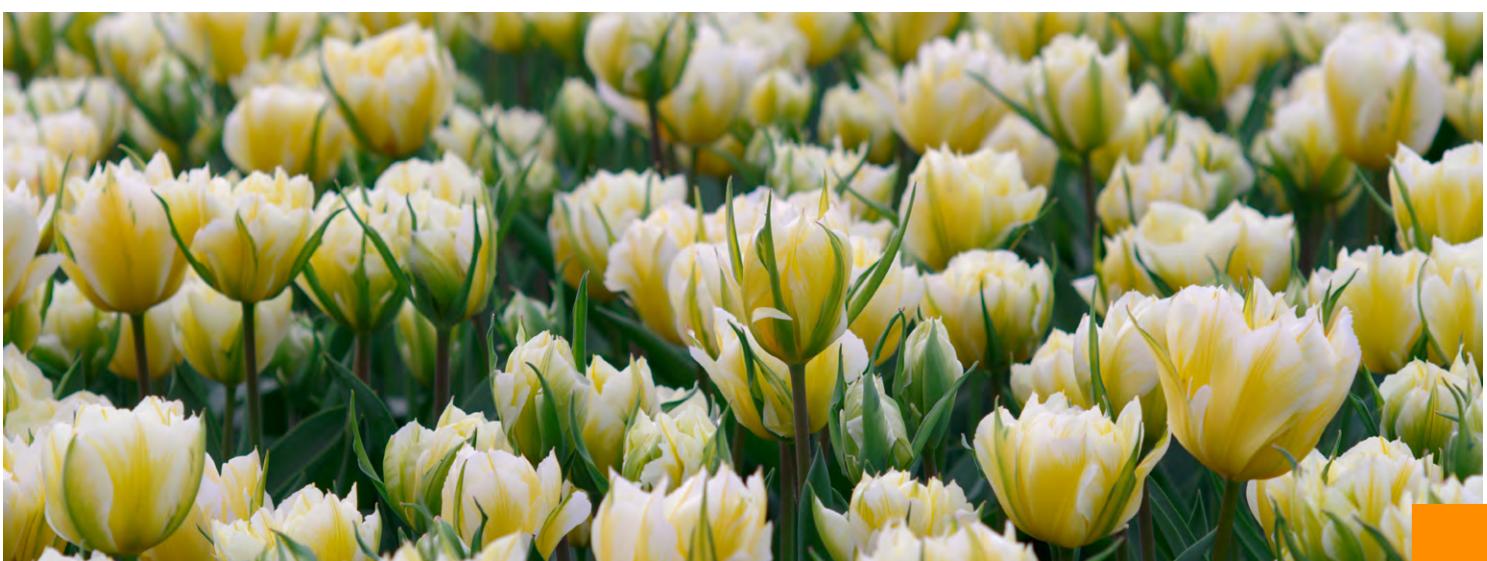
Starting in 2027, the tax-free reimbursement rate will be reduced to 27 per cent, replacing the previously announced phased 30/20/10 scheme from 2024. These revisions were pre-decided before any changes could take effect. The maximum percentage reimbursable tax-free on a flat-rate basis will remain at 27 per cent for the entire period, up to 60 months. For the years 2025 and 2026, the maximum flat rate for all incoming employees will continue to be 30 per cent. This reduction to a maximum flat-rate allowance of 27 per cent and the increased salary norms do not affect expats already using the 30% ruling before 1 January 2024. A transitional law will apply to employees who already apply the 30% ruling before 2024. The reduction to a maximum flat-rate allowance of 27 per cent has no impact on expats who already make use of the 30% ruling before 1 January 2024, during the entire term of the 30 % ruling. If the application of the 30% ruling is terminated in the meantime, the transitional law will no longer apply.

To cover part of the reversal of the reduction of the 30% ruling, the salary norm will be increased. The salary norm that applies as a condition for the application of the 30% ruling will be increased from 46,107 euro to 50,436 euro as of 1 January 2027 (the mentioned amount is based on 2024; the amount will be indexed every year and will therefore be higher in 2027). For employees under the age of 30 with a master's degree, the salary norm will be increased from 35,048 euro to 38,338 euro (this amount also needs to be indexed annually).

#### Example of the 30% ruling

The example shows the difference in effective tax rate in 2025 between applying the 30 % ruling and reimbursement of the actual tax-free costs for an employee with an income of 75,000 euro and 10,000 euro actual extraterritorial costs

	With 30% ruling (EUR)	Without 30% ruling (EUR)
Paid by employer	75,000	75,000
Less: extraterritorial costs	(22,500 )	(10,000)
<b>Wage for income tax</b>	<b>52,500</b>	<b>65,000</b>
Less: Income tax	(8,410)	(13,095)
Less: National insurance tax	(10,628)	(10,628)
Plus: Levy rebates	6,527	4,921
<b>Net income</b>	<b>62,489</b>	<b>56,198</b>
Effective tax rate	17%	25%





## Payroll taxes

Companies who have their residence (or a permanent establishment) in the Netherlands and who employ personnel, are obliged to withhold and pay payroll taxes. Companies who do not have their residence in the Netherlands but do have employees that are taxed in the Netherlands for their employment income, can choose to become a withholding agent for the payroll taxes in the Netherlands.

Withholding agents for the payroll taxes are obliged to withhold wage tax and the national insurance contributions from the employee's wage and bear the cost of the employee's insurance contributions and the income-related contribution pursuant to the Health Care Insurance Act (jointly: payroll taxes). Please note that the social security premiums are only due in case the employee is covered by the Dutch social security system.

The wage tax and national insurance contribution are a withholding tax on the income tax of employees. The insurance contributions and the income-related contribution pursuant to the Health Care Insurance Act are costs for the employer. For 2025, the (expected) maximum premium for the employee's insurance contributions is approximately 9,700 euro for an employee with a permanent employment contract and 13,500 euro for an employee with a temporary employment contract. The maximum income-related contribution pursuant to the Health Care Insurance Act is 4,938 euro.

The wages are understood to mean everything the employee receives pursuant to the employment contract although some items may be tax exempt (under the general work-related cost scheme or specific exemptions). Employers who provide reimbursements or benefits in kind to employees will have to assess the wage tax implications. When no specific exemption applies (specific exemptions apply for example to entitlements to Dutch pension benefits and certain jubilee bonuses), the reimbursement or benefit in kind is individual wage for the employee or can be included in the work-related cost scheme.

## Work-related cost scheme

Under the work-related cost scheme, the employer can provide reimbursements and benefits in kind tax-free. The temporary increase in the 2023 work-related costs budget of 3 per cent expires in 2024. For 2025 the work-related cost budget will be 2 per cent for the first 400,000 euro of the total fiscal wages, and 1.18 per cent for the remaining amount of the taxable wage bill.

Furthermore, under the regime a number of specific benefits can be provided tax-free, without being included in the work-related costs budget. In case the work-related costs budget is exceeded, the employer has to pay a final levy of 80 per cent on the amount in excess. It is important to note that under the work-related cost scheme, the scale of the reimbursements must not substantially deviate (30 per cent) from what is considered usual in similar circumstances. Besides, certain benefits cannot be provided tax-free under the work-related cost scheme, because they are compulsory individual wage for the employee. This applies for instance to the private use of a company car.

## Specific exemption under the work-related cost scheme

A relatively new specific exemption is the homework allowance which was introduced as of 2022. Organisations may reimburse home-working costs under this specific exemption. This exemption applies for a fixed amount of maximum 2.40 (2025) euro per day worked from home. This allowance of 2.405 euro per day worked from home may also be given if an employee works from home for only a part of the day. However, it is not possible to apply both the exemption for a homework allowance and the exemption for commuting costs (to the fixed place of work) for one and the same working day. It is possible to grant the allowance in the form of a fixed allowance per period, as is currently possible for commuting costs.





In order to apply this specific exemption, it is important to have insight into the number of days that an employee usually works from home. This is all the more important as the exemption for home-working costs and the exemption for commuting costs cannot apply for the same working day. In case you have made specific agreements with your employees regarding the number of days they work from home, then an incidental deviation from the agreed ratio does not have to lead to an adjustment of the fixed allowances. In case of a more structural change in the agreements, the fixed allowance for home working costs and commuting costs (to the fixed place of work) should be adjusted.

#### Enforcement of false self-employment

False self-employment causes insecurity and vulnerability among workers at the bottom of the labour market and undermines solidarity within the social system. From 2025 onwards, the Tax authorities will again enforce false self-employment, but in most cases will not yet levy any penalties. For the period before 2025 assessment for wage taxes are only limited for specific situations. As of 2026 new law will be applicable and the interpretation of the relationship will be in line with the current case law and determined on the basis of all

facts and circumstances. It is important for organisations to make a timely and careful assessment if there is an employment relationship as of 1 January 2025, also looking at the impact under the new laws in 2026. Please note that enforcement for labour law and pensions is not capped until 2025.

#### Gender quota

New regulation has entered into force as of 1 January 2022. Large Dutch corporations, including listed and unlisted bv's and nv's, are legally required to aim for a balanced distribution of men and women in the Management and Supervisory Board. As part of this recent law, a quota has been introduced by which at least one-third of the Supervisory Board of listed corporations must consist of women and at least one-third of men. The quota applies to new appointments only. Consequently, if the composition of the supervisory board is not balanced, every appointment must contribute to a better-balanced board.

Furthermore, organisations are required to set 'appropriate and ambitious' targets to improve the gender balance in the top and sub top management.

## What can we do for you?

- Advise on tax efficient wage tax payments and the work-related cost scheme, including set up of the annual administration
- Set up a Dutch payroll administration and apply for a (voluntary) registration as withholding agent.
- Transfer of withholding obligations to a Dutch entity (under conditions)
- Determine tax and social security positions for employees, board members, non-executive directors
- Applying for the 30% ruling, A1 statement, opting in ruling (non-employees)
- Determine non-Dutch social security contributions and other employment income for Dutch payroll taxes
- Applying for exemption for income tax return (under conditions)
- Assist you to understand and manage the risk and compliance of your global talent deployments
- Putting the right people in the right locations, at the right times, in a cost effective and efficient way (manage your global workforce with our technology and benefit from the applicable tax, pension and social security benefits)





## Other taxes

### Real Estate Transfer Tax

The transfer tax on non-residential properties and acquisitions of properties by legal entities and private parties that are not going to live in these properties for the long term is 10.4 per cent based on market value. Some exemptions are available, e.g. for mergers, split ups and reorganisations.

The real estate transfer tax on dwellings is subject to a lower rate of two per cent, if the acquirer will actually occupy the home for permanent living. The acquisition of just the so-called 'economic ownership' of a dwelling can also be included under this rate. Homes to be acquired for rental purposes are subject to the general transfer tax rate of 10.4 per cent based on market value.

Apart from the mentioned two per cent rate on dwellings, an exemption is available for 'starters' on the housing market. This exemption is applicable to any adult younger than 35 years of age when purchasing a dwelling for which the exemption is claimed. The exemption is only applicable on homes with a maximum purchase price of 525,000 euro (2025). Furthermore, this exemption is subject to the condition that the acquirer will actually occupy the home for permanent living. Someone can only claim this exemption for the acquisition of a home once per lifetime. In some cases persons who have already purchased a home previously, but without using the exemption, can still claim the exemption for a successive acquisition if they are still younger than 35 years of age at the moment of the successive acquisition.

Another exemption is available for situations in which a dwelling has been sold in the past under repurchase condition and the property is indeed repurchased. Housing corporations and property developers use these type of conditions ('verkoopregulerend beding') in the case they sell dwellings to low-income households often at reduced prices. If the purchasers want to resell the dwelling, by this condition they cannot sell it to any

market party at a higher market value, but must resell the property to the housing corporation or developer at a set price. For such repurchases an exemption of real estate transfer tax is available.

The acquisition of shares in an entity that owns real estate may also be subject to transfer tax if that entity is characterised as a 'real estate entity'. The threshold for qualifying as a real estate entity is met if, at the time of acquisition of the shares or in the preceding year, more than 50 per cent of the assets of the entity consists of or has consisted of real estate situated within and/or outside the Netherlands, and at least 30 per cent consists of or has consisted of real estate situated within the Netherlands.

From 2025, the exemption from transfer tax is being adjusted to create a level playing field between share transactions and real estate transactions. This concerns situations where a company holds newly developed real estate and instead of the real estate itself ('the bricks'), the shares are transferred. In such cases, neither VAT nor transfer tax was due. The change means that if the real estate in the company is used for less than 90 per cent for VAT-taxed services (such as the rental of housing or real estate in the education or healthcare sector), the acquisition of the shares is taxed with four per cent transfer tax.

### Car taxes and regional taxes

Apart from the taxes already mentioned, some other taxes are part of the Dutch tax system. The most important are:

- An individual who owns/uses a car in the Netherlands may become liable to Dutch road tax.
- A municipal tax applies to the ownership and/or use of immovable property.
- Inheritance and gift tax is imposed on the fair market value of the inheritance or gift.
- A variety of environmental/climate taxes, such as CO<sub>2</sub> levy for industry, the energy tax and tax on mains water.

## What can we do for you?

- Assess which transfer tax rate is applicable
- Advise on possible exemptions





## Tax incentives

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

### Research and development incentives

Apart from the innovation box (see 'Innovation box regime' on page 30), the Dutch tax system 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.

### R&D costs

A company can reduce the costs of its R&D activities by making use of the scheme for reducing the payroll tax and national insurance contributions to be remitted (Wet bevordering speur- en ontwikkelingswerk: WBSO). The WBSO rebate for R&D covers salary costs and other costs and expenses related to R&D. The subsidy accrues to the employer when the employee is credited for the normal amount of wage tax. For the year 2025, the regular reduction of the payroll tax and social security contributions amounts to 36 per cent of the first 380,000 euro in R&D costs (first bracket) and 16 per cent of the excess R&D costs. The rebate is limited to the total amount of wage tax due. For start-ups, the reduction may amount to 50 per cent of the first bracket.

To obtain the relief under the R&D incentive programme, taxpayers must file an electronic/online application with RVO.nl, a department of the Ministry of Economic Affairs. If approved, the taxpayer will receive an R&D declaration. The budget for this subsidy is fixed, so the amount of the subsidy is dependent on budget availability. Note that, subject to certain conditions, self-developed and utilised software falls within the scope of the R&D incentive.

### Investment incentives

Investments in certain business assets may qualify for an additional deduction for tax base calculation purposes. Not all business assets are eligible, some are explicitly excluded.

### Energy-efficient and environment-improving assets

An investment in a new energy-efficient asset may qualify for an additional deduction (EIA) if the amount exceeds 2,500 euro and the asset satisfies the requirements on the Energy List 2025. The EIA amounts to 40 per cent of the qualifying investments. A similar tax incentive is available for investments in new environment-improving assets. Such an investment may qualify for an additional deduction (MIA) if the amount exceeds 2,500 euro and the asset satisfies the requirements on the Environment List 2025. The MIA is set at 45, 36, and 27 per cent (dependent upon eligibility) of the amount of the qualifying investments. The taxpayer must report the qualifying investment within three months to RVO.nl. Both for EIA and MIA, limitations to the maximum amount of benefit apply.

### Arbitrary depreciation

If conditions are met, entrepreneurs are permitted to apply an arbitrary depreciation scheme. In contrast to a regular scheme, a higher or lower depreciation rate may be selected annually depending on which would be the most suitable at the time.

Arbitrary depreciation is available to, among others, investments in business assets that are in the interest of the protection of the Dutch environment and that meet certain requirements. For more details, refer to the paragraph 'Depreciation' under corporate income tax, page 29.

## What can we do for you?

- Inform you about the availability of tax incentives for your business / investments
- Advise you on the application of the tax incentives to your business
- Assist you in complying with the formal and administrative rules such as notification deadlines, application forms, objection and appeal





# Tax compliance

## Corporate income tax

### CIT return and assessment

A company incorporated under Dutch law or a foreign company tax resident in the Netherlands is required to file a corporate income tax (CIT) return annually.

The Dutch Tax Authorities will issue a preliminary CIT assessment at the start of a financial year. For financial years that do not coincide with the calendar year, other timing considerations than those discussed below are relevant.

A first preliminary CIT assessment is normally issued in January of the relevant year. Generally, the taxable amount in this first assessment is based on either the average of the two preceding years' taxable income or on a preliminary tax return submitted by the taxpayer. The payment date is mentioned in the assessment. Normally, these assessments must be paid within six weeks after the issue date of the assessment or in eleven monthly instalments, starting at the end of the second month of the current year (i.e. February to December). However, the amount due on the assessment can also be paid in one lump sum payment.

Please note that at any time the taxpayer has the possibility to request the Dutch Tax Authorities to issue a revised preliminary CIT assessment. Such a request can be filed electronically and is normally accepted, after which a revised preliminary assessment will follow.

Following the end of a financial year, a CIT return should be filed within five months, with a possible extension of five months (before 1 June respectively 1 November of the subsequent financial year in case of a financial year equal to the calendar year). If the CIT return is prepared by a professional tax firm like PwC, under certain conditions a longer extension for filing the CIT return can be obtained, up to a total of 16 months after the end of a financial year. This means that for financial years that end on 31 December 2023, an extension for filing the CIT return may be granted up to 1 May 2025. The maximum extension of 11 months (in addition to the standard five months) after the end of the financial year also applies to companies with a financial year that is not equal to the calendar year.

After the tax return has been filed, a revised preliminary CIT assessment is often issued. Once the Dutch Tax Authorities have examined the CIT return, the final CIT assessment will be issued. The final CIT assessment should be issued within a period of three years as from year end plus the period of the extension granted for filing the CIT return. An objection against the final CIT assessment must be filed within six weeks after the date of the assessment.

### Taxation interest

Tax is payable within six weeks of the date of the CIT assessment. Taxation interest is due on any difference between the final assessment and the preliminary assessments. The taxation interest is calculated from six months following the financial year up until the payment date of the final assessment. It is advisable to ensure that a correct preliminary tax assessment is imposed, given the high level of taxation interest payable of 4 per cent up to 31 December 2021. As of 1 January 2022, the rate amounts to 8 per cent as of 1 January 2024, the rate amounts to ten per cent and as of 1 January 2025, the rate amounts to nine per cent.

On 7 November 2024, the District Court of the Northern Netherlands issued an important judgment in which it was ruled that the taxation interest for corporate income tax in 2022 and 2023 is too high. In the opinion of the court, the taxation interest for corporate income tax is contrary to the principle of proportionality, and the court has reduced the calculated taxation interest from eight per cent to four per cent. This ruling may have consequences for the taxation interest charged to your company on corporate income tax assessments. We expect the Dutch Tax Authorities to appeal against the ruling. The next question is whether the higher court will uphold this court ruling. Depending on the amount of taxation interest calculated, it may be advisable to object to the calculated taxation interest for this period.

### Additional CIT assessments

The Dutch Tax Authorities can issue an additional CIT assessment after the final CIT assessment is raised within five years after the fiscal year has ended. This is allowed if new data becomes available of which the tax inspector could not reasonably have been aware at the time the final CIT assessment was issued or if an obvious error has been made in the CIT return. An obvious error means that this leads to an additional CIT liability of more than 30 per cent compared to the total CIT liability. This period of five years is prolonged by the period with



which the filing of the tax return has been extended. With respect to income from abroad, additional CIT assessments are allowed within a period of twelve years after the fiscal year. An additional CIT assessment may involve interest and a penalty of up to 100 per cent of that CIT assessment.

## Other compliance requirements

### Master File & Local File / Country-by-country reporting

Dutch companies forming part of a multinational group with a consolidated turnover of at least 50 million euro must retain a Master File and a Local File as part of the administration, irrespective of the tax jurisdiction of its ultimate parent company. These need to be in the administration of the Dutch companies in the timeframe set for filing the tax return (see also page 25).

A Dutch group entity of a multinational group with a turnover of at least 750 million euro must notify the Dutch Tax Authorities whether the ultimate parent company or surrogate parent company will file the country-by-country report. If not, it must notify the Dutch Tax Authorities which group company and its tax residence will file the report. This notification should be made at the latest on the final day of the financial year. The country-by-country report needs to be submitted to the Dutch Tax Authorities within 12 months after the end of the financial year.

### Pillar Two

A company that falls in scope of Pillar Two will face new filing obligations in the Netherlands starting for financial year 2024. Either a GloBE Information Return should be

filed ('GIR'), or a notification will suffice in case the GIR is filed in another jurisdiction (for countries that allow automatic exchange of information). The legislation provides that the GIR must be filed within 15 months of the end of the GloBE reporting year (extended to 18 months in the first fiscal year that the MNE group is within scope). For the financial year 2024 this means that the GIR or notification is ultimately due on 30 June 2026, and so on.

If it turns out that top up tax is due at the level of the Netherlands, an additional tax return should be filed within 17 months of the end of the GloBE reporting year (extended to 20 months in the first fiscal year that the MNE group is within scope). For the financial year 2024 this means that the tax return is ultimately due on 31 August 2026, and so on.

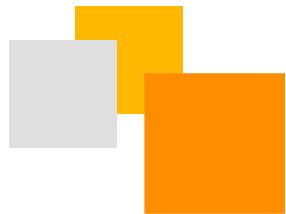
### ATAD II documentation requirement

Although the ATAD II does not provide for a specific documentation requirement, under Dutch ATAD II legislation, a taxpayer must include in its records all data that is relevant to determine whether a payment falls within the scope of ATAD II. If a taxpayer takes the position that a payment does not fall within the scope of ATAD II, documentation that supports this position must also be included in the relevant file. If the taxpayer does not have this information on file, the burden of proof will shift to the taxpayer who must then demonstrate that the ATAD II rules do not apply.

## What can we do for you?

- Prepare corporate income tax returns
- Prepare tax accounting positions for annual accounts (Dutch GAAP, IFRS or US GAAP)
- Preparation and filing of local Pillar Two tax returns
- Advise and implement on tax (compliance) process set-up
- Advise on and delivery of tax technology solutions (accounting, monitoring, country-by-country reporting, workflow)
- Optimise the potential of your existing ERP systems for tax
- Preparation of CbC report, including data gathering, process design etc.
- Filing of CbC report and CbC notification
- Analysis and understanding of CbC data
- Conversion from client data into XML for filing of CbC report
- Global support CbC filing requirements
- Preparation of Master File and Local File





## Dividend withholding tax

Dividend payments, distributions treated as dividends and interest on certain profit participating loans paid by resident companies to residents or non-residents are subject to dividend withholding tax.

The tax is withheld by the distributing company at the moment the dividends are put at the disposal of the recipient. The distributing company must digitally file a dividend withholding tax return and pay the tax withheld to the Dutch Tax Authorities within one month of the distribution. In most cases a (digital) dividend withholding tax return has to be filed even though no dividend withholding tax is due.

In some situations and subject to several conditions, if a Dutch entity has received a dividend from a subsidiary that is resident within the Netherlands or a country that has concluded a tax treaty with the Netherlands and that was subject to withholding tax in that jurisdiction, it is possible that Dutch dividend withholding tax due on subsequent dividend distributions by the Dutch entity to its shareholders is lowered by three per cent (of the distribution by the Dutch entity).

Additional assessments can be imposed by the tax inspector within five years after the calendar year in which the tax liability incurred or the dividend withholding tax refund was made. In case of an omission in the dividend withholding tax return filed or in case the dividend withholding tax is not paid or not paid within the stipulated period, a penalty may be imposed.

### Conditional withholding tax on interest and royalties

As of 2021, interest and royalty payments to group companies established in low-tax jurisdictions will be subject to a withholding tax (reference is made to page X24X). If such interest and/or royalty payments have been made during the year, an interest/royalty withholding tax return should be filed with the Dutch Tax Authorities ultimately one month after the end of that calendar year. The same applies for distributed dividends to low-tax countries as from 2024.

## Value added tax

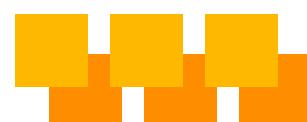
### VAT return

The tax period is usually a calendar quarter. However, the taxpayer can request the Dutch Tax Authorities to file a monthly VAT return. If the taxpayer is in a refund position, this could lead to a cash flow advantage. The taxpayer can also request filing a yearly VAT return provided that some specific conditions are met. The tax authorities can oblige you to file a monthly VAT return in case of late filing or late payment.

VAT returns are due by the last day of the month following the tax period to which they relate for companies established in the Netherlands. For foreign companies with only a VAT registration in the Netherlands, the returns are due by the last day of the second month following the tax period to which they relate. Taxable persons filing an annual return are automatically allowed to defer filing until 31 March of the following year. This applies even if no business has been conducted in the Netherlands during that period or if there is no right to refund of Dutch VAT.

As VAT returns must in general be filed electronically there is no need for rescheduling these dates because of weekend or bank holidays. VAT returns can be filed 24/7. The VAT payable regarding a tax period ultimately has to be paid when the VAT return has to be filed.

Adjustments can be made to a submitted VAT return by lodging an objection within six weeks after filing the VAT return (in most cases within six weeks after the ultimate date of payment of the VAT due). Furthermore, an additional VAT return can be submitted within five years after filing the VAT return. However, in the latter case, no formal appeal is allowed if the changes are rejected by the Tax Authorities. A special electronic form exists for filing additional VAT returns. A special form is required if the correction of VAT payable to the Tax Authorities is more than 1,000 euro.





### Recapitulative statement

A recapitulative statement needs to be submitted if the taxpayer supplied goods or services to an entrepreneur in another EU country and, in the case of the supply of goods, these goods are dispatched from the Netherlands. Taxpayers transporting their own goods to another EU country must also submit these statements. The period for which the taxable person must submit a recapitulative statement depends on the actual situation (the amount of supplies and/or acquisitions and the type of transactions). The following situations are possible: monthly, bimonthly, quarterly and annually.

In the Netherlands the threshold for monthly listing of intra-community supplies of goods (the so-called 'Opgaat ICP') is 50,000 euro. An entrepreneur must therefore submit the ICP declaration on a monthly basis, if he supplies more than 50,000 euro of goods to other EU countries in a quarter. The 'Opgaat ICP' for services can be filed on a monthly or quarterly basis. If a taxable person is allowed to file annual VAT returns, it is possible, provided certain conditions are met, to apply for annual submission of the statements. The statements are generally due by the last day of the month following the applicable reporting period.

### What can we do for you?

- Prepare and file the VAT returns, recapitulative statements, Intrastat declarations and refund requests
- Matching general ledger and VAT return

## Personal income tax

### PIT return

Tax returns must be filed after each calendar year, in principle before 1 May. Extensions may be possible. Please be aware that tax interest (7,5 per cent in 2025) may need to be paid when you file your personal income tax return after 1 May and/or your tax assessment includes a payable tax amount. For your foreign employees that do not have tax residency in the Netherlands and do not have any other personal income in the Netherlands in addition to Dutch employment income, it is possible - under circumstances - to not file a personal income tax return. For these employees it can be possible to use a final wage tax assessment in agreement with the Dutch tax authorities.

### Advance payment or preliminary tax refund

Generally speaking, if taxpayers have sizeable income that is not subject to wage tax withholding, they may be required to make advance payments of estimated additional income tax. If the employee has income tax deductions that are not considered in the Dutch payroll (e.g. the mortgage interest deduction), it is also possible to file a preliminary tax refund form in order to claim monthly income tax refunds during the calendar year.

### Payroll taxes

Payroll taxes are calculated for each wage period, i.e. the period for which the employees receive their wage (usually monthly or four-weekly). The employer is required to timely and correctly file the payroll tax returns per wage period. The payroll tax return consists of a collective section (general information concerning the employer) and an employee's section (detailed information concerning each employee. As of 2019 in this section the foreign home address of the employee needs to be included in order to implement the correct levy rebate).

The Tax Authorities use the detailed information for purposes including the award of benefits and the pre-completed income tax returns. Consequently, it is important that the details are up-to-date, correct and complete. For this reason, the employer must always adjust or supplement any misstatements or shortcomings in payroll tax returns.

The amount due on each payroll tax return has to be paid within the deadline given by the Tax Authorities.

### What can we do for you?

- Payroll tax compliance review
- Employment tax reorganisation services
- Prepare Dutch personal income tax returns
- File requests for preliminary assessments
- Set up and run Dutch payroll processes
- Run our digital assessment tool to identify risks and opportunities
- Assess the dividend / interest / royalty withholding tax position
- Prepare dividend / interest / royalty withholding tax returns



# Human resources and employment law

## Human resources

The most important long-term asset of almost any business is its qualified personnel. As mentioned before, the Netherlands is internationally renowned for its high-quality labour market. In addition, Dutch employees are flexible and have an excellent work ethic.

Trade unions in the Netherlands have a moderate character and tend to operate on the premise of consensus. Union membership is generally low and where industrial disputes do occur, they are resolved quickly and pragmatically. Employers and employees cooperate in various ways. The works council, if in place, is one of the most important employee participation organs within a company. This cooperation also contributes to stable labour relations. As a result, growth in wage costs has been kept to moderate levels, while productivity levels remain high.

It is common practice in the Netherlands to include a bonus scheme in the employment agreement of highly qualified personnel. In certain sectors bonus/reward schemes are subject to specific statutory requirements. The wording of these schemes is of utmost importance, as the right design can have tax advantages and may save the employer unexpected costs when the employment is terminated. In addition, providing benefits (rather than paying a higher salary) can have tax advantages for both the employer and the employee.

On 1 January 2024, the statutory minimum hourly wage was introduced, which means that there are no longer statutory daily, weekly and monthly wages. Depending on the sector, the amount of full-time employment varies (e.g. 36, 38 or 40 hours per week). The minimum monthly wage is determined by the actual number of hours worked by an employee. The statutory minimum hourly wage may require adjustments to payrolls and employment agreements.

While wage costs are moderate, it is important to notice that premiums for benefits such as social security and pensions are compulsory. They are paid by both the employer and the employee.

Dutch employers can also hire 'self-employed persons'. A self-employed person is not an employee. In practice it is sometimes hard to make a distinction between an employee and a self-employed person. The employer should make sure that the Dutch Tax Authorities cannot consider the relationship with the self-employed person as an employment relationship. At the time of writing, the government is still working on further clarification and guidance with regard to when an individual qualifies as self-employed. In recent years there was a suspension of enforcement of labour relationships with self-employed persons. This will resume on 1 January 2025. The Dutch Tax Authorities will fully enforce regulations on false self-employment and can impose a fine and back taxes.

## Employment law requirements

Dutch law grants employees a range of protections that create obligations and potential risks for employers. These include among others:

- An obligation to pay employees at least the minimum hourly wage, which is a fixed hourly rate and is increased every six months (as of 1 January 2025 14.06 euro gross per hour for those aged 21 and over) and holiday allowance (8 per cent of gross annual salary).
- Maximum work periods and minimum rest periods. This means a full-time work week that normally contains not more than 40 hours per week.
- A duty to give each employee paid holiday leave at a minimum of four times the average number of days worked per week (i.e. 20 holiday days based on full-time employment). Giving employees 25 holiday days per year is considered as market practice.



- An obligation to include transparent and predictable employment conditions in the employment contract, e.g. the obligation to inform an employee about the procedural requirements and notice periods when terminating an employment contract.
- The limitation of the number of temporary employment contracts that can be offered to an employee (a maximum of three fixed term contracts within a period not exceeding three years).
- Various benefits for the employee in connection with childbirth, adoption and other family situations, including the right to at least sixteen weeks of paid pregnancy and maternity leave (equal to 100 per cent of the employee's monthly wage) and nine weeks of paid parental leave (equal to 70 per cent of the employee's monthly wage, but up to 70 per cent of the maximum monthly wage of 6,154.16 euro gross) (as per 1 July 2024).
- The obligation to pay employees during illness. During the first two years employees are entitled to: 70 per cent of their last earned salary, with a minimum equal to the monthly statutory minimum wage of 2,191.80 euro gross (during the first year and if 21 years or older - as per 1 January 2025) and a maximum equal to 70 per cent of the maximum monthly wage of 6,154.16 euro gross (i.e. 4,307.91 euro gross) (as per 1 January 2025). Note that the statutory minimum wage of 2,191.80 euro is used as a reference monthly wage, which only applies to a number of social security laws. The actual statutory minimum wage may be higher in the event e.g. a fulltime working week consists of 40 hours.
- The requirement to establish a works council or an employee representative body. A company is obliged to establish a works council if (i) it employs 50 employees or more or (ii) it is obliged to do so by an applicable collective labour agreement ('CLA'). An employer employing more than ten, but less than 50 workers is obliged to install an employee representative body if requested to do so by the majority of its personnel. If no employee representative body has been established, the employer is obliged to have a staff meeting (in Dutch: personeelsvergadering) at least twice a year or when requested by its employees.
- A limitation of the employer's freedom to process personal data obtained about its employees and job applicants.
- A general duty to provide a safe place of work, safe access and safe work systems, supported by related obligations such as consulting with employees or their representatives on health and safety issues and providing staff with certain health and safety information. This general duty of an employer to provide a safe place of work is also applicable with regard to the employees' home offices (e.g. providing the right working tools such as chairs and monitors).
- An obligation not to discriminate against employees, including job applicants, on a range of grounds. According to several equal treatment regulations.
- The obligation to pay employees a statutory severance payment ('transition allowance') upon termination. Employees are entitled to a (prorated) transition allowance as per the first day of their employment (including termination within the probationary period) and if the termination or the non-renewal of a contract (incl. after sickness or expiration of a definite term contract) is initiated by the employer. The transition allowance amounts to 1/3 of a gross monthly salary for each service year. As of 1 January 2025, the maximum transition allowance amounts to 98,000 euro gross or to a gross annual salary, should that be higher than 98,000 euro. The gross monthly salary includes eight per cent statutory holiday allowance, year-end allowance (13th month), structural allowances and bonuses.
- Several dismissal law rules and statutory protection from dismissal rules.

It is recommended that employers have a comprehensive employment contract in place for every employee, which includes all the terms and conditions of employment and in addition protects the employer's business interests by imposing obligations on the employee (e.g. about confidentiality of business secrets or restrictions of certain competitive activities after the employment ends).





## Immigration

All foreign nationals who intend to work and stay in the Netherlands are required to comply with the immigration regulations of the Netherlands. The Netherlands has a less restrictive admittance policy for highly skilled workers of multinational companies who meet specific (salary) criteria.

### EEA/Swiss national

No immigration requirements are applicable to EEA (or Swiss) nationals. In case the stay of an EEA national exceeds four months he/she needs to register with the local municipality in the city of residence (see 'Registration municipality' under 'Non-EEA national').

### Non-EEA national

Which immigration procedure has to be initiated, depends on the specific facts and circumstances. The work permit procedure and the highly skilled migrant procedure are the most commonly used procedures.

### Brexit

UK nationals arriving in the Netherlands after 1 January 2021 are subject to Dutch immigration legislation. This means they are allowed to enter and stay in the Schengen area (which includes the Netherlands) for up to 90 days in 180 days on the basis of their passport. Their passport must be valid for at least six months. However they will require a work permit in order to work in the Netherlands from day 1. They will also require a residence permit in case their stay exceeds 90 days in 180 days.

### Highly skilled migrant procedure

A residence permit for a highly skilled migrant allows a non-EEA national to reside and work legally in the Netherlands (without a separate work permit). The following requirements have to be met:

- The company must be registered as a recognised sponsor with the Dutch Immigration and Naturalisation Service ('IND').
- The employee should have a gross monthly market conform salary of at least 5,688 euro (excluding holiday pay, figure 2025) or 4,171 euro (excluding holiday pay, figure 2025) if the employee is younger than 30 years old.

Please note that a 30 per cent tax allowance for this category of employees might be applicable (see 'Personal income tax' on page X40X).

### Registration municipality

In case the stay in the Netherlands is less than four months, registration as a non-resident in the Municipal Population Database at one of the 18 designated offices is voluntary but required in order to obtain a Dutch citizen service number (BSN) needed for tax and payroll purposes.

For a stay of at least four months within a period of six months, registration with the Municipal Population Database is required.

## What can we do for you?

- Up-to-date information about the developments in the Dutch labour market
- Advise about employment terms and conditions
- Advise about the position of a self-employed person
- Setting up a works council which can include but is not limited to drafting works council regulations, organising works council elections, time-planning etc.
- Give guidance in creating a safe and healthy work environment
- Analyse whether the activities of your company fall under the scope of a mandatory CLA
- Advise about Dutch labour law such as the various minimum leave requirements, (drafting) employment contracts and (strategies on) how to terminate an employment contract
- Advise on how to deal with personal data of employees





# Accounting and audit

## Accounting requirements

A company is required to maintain accounting records that are sufficiently adequate to determine the financial position of the company at any time. There are various regulations, including civil and tax regulations, stipulating the period for which the records should be retained. As a general rule, the records must be kept for a period of seven years.

With regard to the location of where the accounting records are kept, there are no special regulations. The accounting can be done in any country (although for tax residency purposes, in certain situations accounting should take place in the Netherlands), but the records must be made available within a reasonable time upon request. A company may decide not to keep records in euros, but to maintain its own functional currency. The same applies to the financial statements. In principle, all companies residing in the Netherlands must prepare annual financial statements, which then need to be adopted by the shareholders of the company. Subsequently, the financial statements are published, most often by filing them with the Chamber of Commerce. If a foreign company only has a branch in the Netherlands, it normally suffices to file a copy of the annual financial statements filed in its home country.

It is not necessary for a company to prepare and file the annual report in Dutch. Preparation of the annual report in for example the English, German or French language is also allowed.

## The annual report

### Size of the company

For companies not using the International Financial Reporting Standards as endorsed by the EU (IFRS-EU) for their financial statements, the requirements to prepare and file annual reports and the need to undergo an audit depends, among other things, on the company's size. The European Commission recently increased the size thresholds by 25 per cent (except for the employee requirement, which stayed the same), in relation to the reporting requirements for micro-, small, medium-sized and large entities in the EU. This was done for the first time since 2013, also following the rising inflation in the last few years. The Dutch legislator adjusted these size thresholds in Title 9 Book 2 of the Dutch Civil Code applicable for financial years commencing as of 1 January 2024 but organisations can also choose to apply them to annual reporting periods commencing on or after 1 January 2023. Companies are classified as 'micro', 'small', 'medium' or 'large' based on three criteria. These are total assets, net turnover and the average number of employees during the financial year. These criteria are evaluated on a consolidated basis, unless the company qualifies for a consolidation exemption (further details provided further on). The current criteria are listed in the table below.

	Maximum thresholds for size criteria of Dutch entities					
	Balance sheet total (EUR)		Net turnover (EUR)		Number of employees	
	Old	New	Old	New	(unchanged)	
Micro	≤ 350,000	≤ 450,000	≤ 700,000	≤ 900,000		< 10
Small	≤ 6,000,000	≤ 7,500,000	≤ 12,000,000	≤ 15,000,000		< 50
Medium	≤ 20,000,000	≤ 25,000,000	≤ 40,000,000	≤ 50,000,000		< 250



A company will be classified as micro-, small-, medium- or large-sized when it satisfies at least two out of the three criteria for that size for two consecutive years (or the first year for newly formed companies). They may also be applied to the comparative figures to determine the size regime of the current fiscal year.

Please note that the reliefs of the micro-, small- and medium-sized regimes cannot be used by companies applying IFRS-EU in the preparation of their financial statements, as these automatically fall under the large company regime.

## Content of the annual report

In general, the annual report of medium- and large-sized companies contains the following documents:

- A directors' report presenting a fair view of, among other things, the financial position, results, risks, sustainability aspect and future plans of the company.
- Financial statements comprising (I) a balance sheet, (II) a profit and loss account, (III) a cash flow statement, and (IV) notes to the balance sheet and profit and loss account.
- Other information, including the auditor's report.

The auditor's report must include, among other things, the following points: (a) whether the financial statements have been prepared, in all material respects, in accordance with the applicable accounting principles and provide a true and fair view of the financial position and result for the year, and (b) whether the directors' report and other information meet the legal requirements, is consistent with the financial statements and does not contain material misstatements. The Netherlands Institute of Chartered Accountants (NBA) requires auditors to report on (their work performed on) fraud and going concern in their auditor's report as of the audit year of 2022, with OOBs having to already report on fraud as of audit year 2021. In the auditor's report for so-called OOBs (Public Interest Entities), the auditor also needs to include information on materiality, group scoping and key audit matters in the opinion for these companies.

Micro-sized and small companies do not have to include a directors' report and have no audit requirement. They may file an abbreviated balance sheet and, for small companies only, explanatory notes with the Chamber of Commerce. Notwithstanding the general requirements, a micro- or small-sized company may at its discretion prepare financial statements based on tax accounting principles. As a result, the equity and the profit according

to the financial statements are equal to the equity and profit according to the corporate tax return. This facility was introduced in Dutch law in order to reduce the administrative burden for small entities.

A medium-sized company must be audited but is permitted to file an abbreviated profit and loss account as part of the financial statements and is exempted from including certain disclosure requirements to the balance sheet.

## Basis of preparation of the financial statements

The principal requirement for financial statements is that they must be prepared in accordance with generally accepted accounting principles (GAAP) and provide a true and fair view enabling a well-founded opinion of the entity's assets, liabilities and results and, insofar possible, of its solvency and liquidity.

The financial statements can be prepared either under Dutch GAAP or IFRS-EU. IFRS-EU is required for the consolidated financial statements of listed companies. In the past the Dutch Accounting Standards Board (DASB) amended and updated many of its Dutch Accounting Standards to align them to IFRS. However, many differences remain between Dutch GAAP and IFRS. A standard in which IFRS fundamentally differs from Dutch GAAP is, for example, employee benefits. To overcome the major differences, the DASB has allowed the use of standards from other GAAPs in Dutch GAAP financial statements. Such facilities exist for:

- IFRS 9 'Financial instruments' in respect of the expected credit loss model for impairment of financial assets;
- IFRS 15 'Revenue from contracts with customers' in respect of revenue accounting;
- IFRS 16 'Leases' in respect of lease accounting;
- IAS 19 'Employee benefits' in respect of pension accounting (instead of DAS 271.3); and
- US GAAP topics and subtopics dealing with pension accounting (instead of DAS 271.3).

## Consolidation

The important issue of group financial statements is one that affects most foreign investors in the Netherlands, particularly in cases where a Dutch company is being used as an intermediate holding company in the group structure. While, as a general rule, a company with subsidiaries must prepare consolidated financial statements, there are significant exemptions available.



Small and micro-sized companies in the Netherlands are exempted from preparing and filing consolidated financial statements. If the (intermediate) holding company meets the small company criteria on a consolidated basis, there is no need to prepare and file consolidated accounts (Article 2:407 section 2 of the Dutch Civil Code). Moreover, intermediate holding companies that do not meet the small company criteria on a consolidated basis, may be exempted from preparing consolidated financial statements when applying Article 2:408 of the Dutch Civil Code (DCC). When applying this exemption, the company can apply the size criteria only to its company accounts, due to which it will in many cases fall under the regime for small companies.

It is very important that the intermediate holding meets all the conditions stipulated in Article 2:408 of DCC in order to be able to use this exemption. Some of these conditions are that the financial information which the company should otherwise consolidate has been included in the financial statements of its (ultimate) parent company and that these financial statements have been prepared in accordance with the provisions of EU legislation or on a similar basis, and have been filed with the Chamber of Commerce within the allowed timeframe, accompanied by a directors' report and auditor's report.

## CSRD sustainability reporting requirements

In November 2022, the European commission agreed to implement the Corporate Sustainability Reporting

Directive. On 31 July 2023, the European Commission adopted the European Sustainability Reporting Standards. The standards cover the full range of environmental, social, and governance issues, including climate change, biodiversity and human rights. They provide information for investors to understand the sustainability impact of the companies in which they invest. The goal of the CSRD is that the reporting of sustainability information will become as important as traditional financial reporting and of the same quality level. The requirements are applicable for (amongst others) large, listed companies with more than 500 employees as from book year 2024. After that, this will apply for all large companies in the EU as well, and it will cover even more companies at a later stage. The sustainability information needs to be included in a separate part of the Directors' report. An external auditor needs to give limited assurance on this information. At a later stage, reasonable assurance is required.

In January 2025, the Netherlands had not yet transposed the Directive into National Law. Implementation is expected to happen during 2025. Although the law has not been transposed, the public does expect that companies in scope for 2024 under the European Directive will voluntary apply the CSRD and ESRS requirements in their 2024 reporting. Furthermore, the EU taxonomy regulation continues to be mandatory despite the fact that the CSRD has not been transposed. More information can be found in PwC's [Sustainability reporting guide](#).

	Micro-sized company	Small-sized company	Medium-sized company	Large-sized company
Legally required audit	• n/a	• n/a	• applicable	• applicable
Publication requirement of financial statement	• abbreviated balance sheet	• abbreviated balance sheet with limited notes disclosures	• directors' report • financial statements <sup>1</sup> • other legally required information	• directors' report • financial statements • other legally required information
Applicable GAAP <sup>2</sup>	• Dutch GAAP for micro- and small-sized companies; • Tax accounting principles; or • IFRS-EU	• Dutch GAAP for micro- and small-sized companies; • Tax accounting principles; or • IFRS-EU	• Dutch GAAP for medium- and large-sized companies; or • IFRS-EU	• Dutch GAAP for medium- and large-sized companies; or • IFRS-EU
Consolidation	• exempted	• exempted	• required under Dutch GAAP unless art. 408 of Book 2 DCC is applicable, or • required under IFRS-EU unless IFRS 10.4 is applicable	• required under Dutch GAAP unless art. 408 of Book 2 DCC is applicable, or • required under IFRS-EU unless IFRS 10.4 is applicable



## Timetable

The timetable below shows the timeframes and possible extensions relating to the financial statements process. Please note that this does not apply to listed companies. For those companies, the financial statements must be prepared and made generally available within four months after year-end. They must be adopted within six months after year-end.

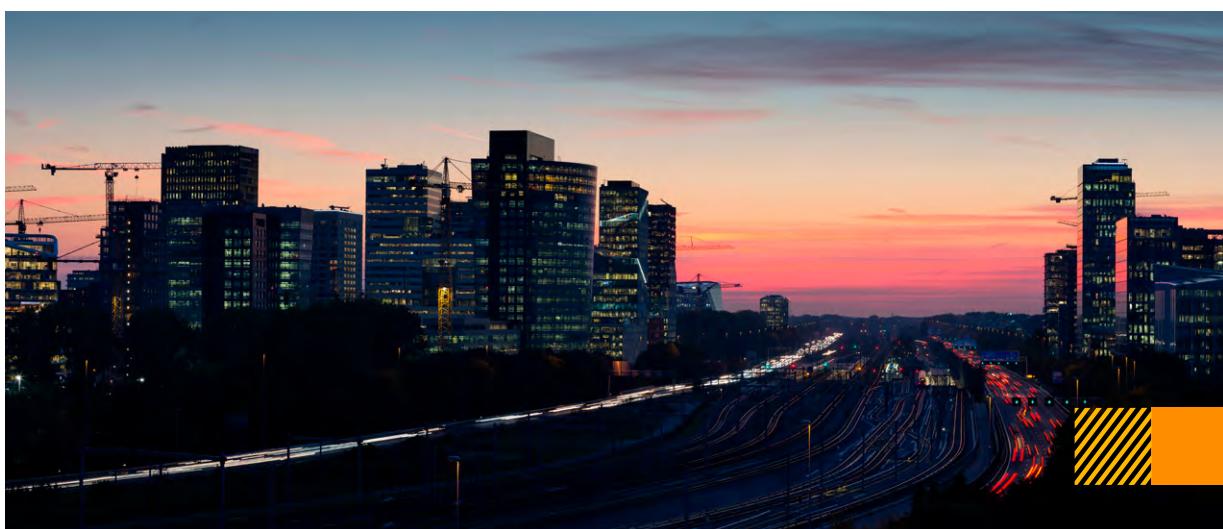
Non-compliance with the statutory requirements could have significant repercussions if the company goes bankrupt. Where the statutory requirements for preparing and filing financial statements have not been met, and the company goes into liquidation, the directors will be deemed not to have properly fulfilled their fiduciary duties and could be held personally liable for any deficit upon liquidation.

## Penalties for non-compliance

In the event that the statutory requirements for preparing and filing financial statements have not been met, this will constitute an economic offence on the part of the directors.

Required action	Time frame	Possible extension
Maintaining accounting records	On-going during the year	
Preparation of financial statements	Within 5 months after year-end	Up to 5 months (making the maximum preparation time 10 months after year-end)
Adoption of the financial statements by the general meeting <sup>3</sup>	Within 2 months of the date of preparation	If the above extension is applied, adoption should take place ultimately 12 months after year-end
Filing of the financial statements	Within 8 days of adoption, but in no event later than two months after the date of preparation (whether the financial statements have been adopted or not)	If the above extension is applied, filing should take place ultimately 12 months after year-end

1. The financial statement disclosure requirements under Dutch GAAP are less extensive for a medium-sized company compared to a large-sized company.
2. GAAP: generally accepted accounting principles.
3. If all shareholders are also directors of the company, then the sign-off of the annual report automatically leads to an adoption of the annual report. In this case, the maximum 2 months adoption period is not applicable anymore.



# Who we are and what we do



## How we are organised

At PwC, we aim to contribute to building trust in society and solving important problems. This is our purpose and our licence to operate. Our strategy is designed to fulfil that purpose by helping clients deliver trust and achieve sustained outcomes, by bringing together a wide diversity of people in unexpected combinations, and combining skills, expertise, perspectives, ingenuity and passion with the latest technology. Believing that challenges are best solved together, we work with other parties in our ecosystem, like our suppliers,

clients, alliance partners and oversight bodies. Trust is a key component in this.

PwC Netherlands has more than 5,700 people operating from three different Lines of Service: Assurance, Tax & Legal and Advisory supported by Firm Services. We deliver sector-specific services and we seek innovative solutions, not only for national and international companies but also for public sector and civil society organisations.

## We work together and share knowledge across competences, sectors and specialisms

**Assurance** focuses on the auditing of financial statements and the provision of assurance on other information and systems. Statutory audits of financial statements constitute most of our Assurance practice. Another part of the Assurance practice focuses on the design, implementation and provision of assurance on systems and other information, and advice on accounting issues, ESG and risk management.

**Tax & Legal** supports organisations and individuals with their tax strategies and compliance with laws and regulations and provides advice in the area of taxation. It offers legal advisory and compliance services and specialists related to workforce transformation, providing advice on matters such as remuneration structures, pension plans, cross-border deployment and HC cloud transformations.

**Advisory** (including Strategy&) focuses on assisting organisations in their (digital and ESG) transformation as well as reinvention of their business models, from strategy to execution. It also provides services related to mergers and acquisitions, from strategy advice to assistance with business (unit) integration or carve-outs. Advisory also includes crisis prevention and crisis management services to organisations or institutions affected by fraud, disputes, cybersecurity breaches and near-insolvency.

Strategy& is our global strategy consulting business and is uniquely positioned to help deliver an organisation's best future: one that is built on differentiation from the inside out and tailored exactly to clients. As a part of PwC, Strategy& builds the winning systems that are at the heart of growth, combining its powerful foresight with tangible know-how, technology and scale to help organisations create a better, more transformative strategy from day one.

## PwC the Netherlands



**5,956**

People  
Headcount  
on 30 june 2024



**13**  
Offices



**8.3**  
Client satisfaction



**#10**  
Employer of choice ranking

## Strong network

- In-house knowledge necessary to optimise your business activities and tax position.
- Good contacts with the Dutch tax authorities, resulting in quick and smooth communication about your requests, filings and questions.
- PwC is the leading provider of tax services worldwide both in terms of the size and scope of our tax practice and our reputation. We lead the debate with tax authorities and governments around the world, changing the way we all think about tax.
- PwC Legal has a network of lawyers all over the world unrivalled by traditional law firms. As legal consultants, we combine the qualities of traditional lawyers, consultants and in-house legal counsels.

## The CSRD marks a new era for organisations

The Corporate Sustainability Reporting Directive (CSRD) requires organisations to report on their environmental, social, and governance (ESG) activities, along with an assurance report from their accountant. Major listed companies must comply with the European Sustainability Reporting Standards (ESRS) for financial years starting from 2024, meaning they will need to report on the year 2024. The new reporting requirements will also apply to private companies by 2025. It requires reliable data, a streamlined process, expertise in a wide range of sustainability aspects and the right technology. Implementing the CSRD is more than a step towards greater transparency. It is a journey towards integrating sustainability into business strategy and everything a company does.

Over the past year, PwC Netherlands has drawn on its wide range of in-house expertise to support organisations in their transformation and their implementation of the CSRD. Although not yet obliged to do so, we have also chosen to practise what we preach by already complying with the reporting requirements of the ESRS in the 2023/24 annual report. Doing so has tested PwC's ability to transform in the same way, as our clients will have to. Implementing the CSRD affects the entire organisation: from strategy to reporting, from the finance function to procurement, from client services to our own energy consumption and travel policies & behaviour.





## The New Equation

We aim to contribute to building trust in society and solving important problems. This is our purpose and our licence to operate.

We realise that finding the best solutions requires collaboration and the building of trust-based relationships with our clients, technology alliances and other business partners and with each other. This is crucial if we are to provide high-quality services. Combining those relationships, knowledge and expertise with the right technology generates unprecedented opportunities. We arrive at sustainable solutions when we examine complex issues from all angles. That is exactly what our people do and why we are a community of solvers.

We cherish the power of our people, who are at the heart of PwC's The New Equation strategy. This strategy makes our purpose concrete: helping our clients build trust with their stakeholders and realise sustainable outcomes. We achieve this leveraging on the passion and commitment of the different perspectives found within our community of solvers. The foundation for realising our strategic priorities consists of continuously striving and delivering high-quality services and realising sustainable growth.

### The priorities of The New Equation

To bring our strategy further to life we have chosen the following priorities:

#### *Client focused*

As a service provider we aim to be the first choice for our clients in helping them address the challenges that are important to them and their stakeholders. This requires a focus on our clients and their stakeholders, and an understanding of the broader context in which they operate. This focus also enables us to deliver high-quality services.

#### *Community of solvers*

We find valuable solutions when we look at what can be done smarter, better and differently based on a wide range of backgrounds and perspectives. That is the power of our community of solvers. We encourage an inclusive and diverse collaborative culture, where people feel they can speak up, are valued and work with purpose. This helps our colleagues be authentic and use their expertise together. Such a culture also allows us to attract, develop and retain the best and most diverse talent.

#### *Human-led, tech-powered*

People and technology go hand in hand. Combining human ingenuity with technology enables us to develop valuable solutions faster while at the same time building trust across the entire value chain. We make use of technology in our services, innovate our way of working and work together with (tech) alliance partners to make a difference for our clients.

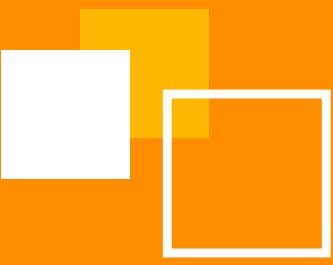
#### *High quality*

Trust in what matters is more essential than ever. Therefore, our focus is on being trusted as an organisation, delivering on our promises in a manner consistent with our purpose and values and ensuring commitment to high quality in everything we do. Trust needs to be embedded in our services across all Lines of Service. Because only when we are trusted ourselves, we can add trust to what matters for our clients and for society.

#### *Sustainable growth*

Financial means are required if we are to enable sustainable investments and successfully deliver on our purpose and strategy. We drive profitable growth as an enabler for investments and long-term competitiveness. Sustainable growth is also about achieving our goals in the field of ESG (e.g. diversity). Because we can only achieve financial growth if we practise what we preach.





# Contacts and links

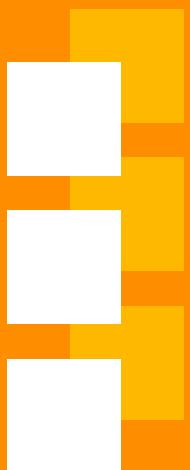
For more information and to find out the opportunities for your company,  
please contact your own PwC contact or our Knowledge Centre:

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Fascinatio Boulevard 350  
3065 WB Rotterdam  
P.O.Box 8800  
3009 AV Rotterdam  
The Netherlands  
[nl\\_knowledge\\_centre@pwc.com](mailto:nl_knowledge_centre@pwc.com)

Links for more information:

PwC the Netherlands:  
[www.pwc.nl](http://www.pwc.nl)

Tax specific:  
[www.taxsummaries.pwc.com](http://www.taxsummaries.pwc.com)



This publication was created by PricewaterhouseCoopers Belastingadviseurs N.V. and concluded on 1 January 2025. Subsequent developments have not been included.

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 149 countries with nearly 370,000 people who are committed to delivering quality in assurance, advisory and tax services. At PwC in the Netherlands over 5,900 people work together. Find out more and tell us what matters to you by visiting us at [www.pwc.nl](http://www.pwc.nl).

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