



DOING BUSINESS IN THE NETHERLANDS

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INTRODUCTION



CAPITAL: AMSTERDAM



POPULATION

TOTAL POPULATION: 17.294.583

NATURAL INCREASE: 0.5%

DENSITY: 505 Inhabitants/ km²

URBAN POPULATION: 91.0%

POPULATION OF MAIN METROPOLITAN AREAS: Amsterdam (854.047); Rotterdam (638.712); The Hague (532.561); Utrecht (347.483); Eindhoven (229.126) ([Statistics Netherlands](#)).

ETHNIC ORIGINS: The population is comprised of about 79% of people of Dutch origin, around 9% of other Western origin and around 12% of Non-Western descent (Turks, Moroccans, Surinamese, etc.). ([Statistics Netherlands](#)).

OFFICIAL LANGUAGE: OFFICIAL LANGUAGES: Dutch and Frisian.

OTHER LANGUAGES SPOKEN: Commercial languages: English, German and Spanish. In the Netherlands, the official language is Dutch. However, it is important to note the growing use of English, German and Spanish in business.

BUSINESS LANGUAGE(S): The majority of the population speaks English, which is the most used language in trade.

RELIGION: Roman Catholic 24%, Protestants 6%, Muslim 5%, other 14%, none 51% (2017).

NATIONAL CURRENCY: Euro (EUR)



COUNTRY OVERVIEW

AREA: 41,540 KM²

TYPE OF STATE: a constitutional monarchy based on parliamentary democracy.

TYPE OF ECONOMY: high-income economy, oecd member.

an economy which is heavily based on foreign trade; third largest world exporter of agricultural and market gardening products.

HDI*: 0.922/1

HDI (WORLD RANK): 5/ 188

note: (*) [the hdi](#), human development index, is an indicator which synthesizes several data such as life expectancy, level of education, professional careers, access to culture etc.



TELECOMMUNICATION

TELEPHONE CODE:

To call from the Netherlands, dial 00

To call the Netherlands, dial +31

INTERNET SUFFIX: .nl

COMPUTERS: 91.2 per 100 Inhabitants

TELEPHONE LINES: 42.4 per 100 Inhabitants

INTERNET USERS: 93.0 per 100 Inhabitants

ACCESS TO ELECTRICITY: 100% of the Population

ECONOMIC AND POLITICAL OVERVIEW

ECONOMIC OUTLINE

Economic Overview

The Netherlands is the sixth largest economic power in the Eurozone and the fifth largest exporter of goods. The country was hit hard by the global financial crisis and later the Eurozone crisis, because of its dependence on foreign trade. After two years of recession (2012-2013), the Dutch economy recovered in 2014. Growth reached 1.7% in 2016, sustained by dynamic household consumption. Economic activity should maintain a comfortable pace in 2017.

The Netherlands has a very high income per capita, which is distributed in a relatively equal manner. The GDP per capita is above the EU average. However, the unemployment rate, which for a long time remained practically non-existent, has risen strongly since 2008, reaching 7.2% of the active population in 2015. It dropped to 6.7% in 2016.

MAIN INDICATORS	2016	2017	2018 (e)
GDP (BILLIONS USD)	771.16	762.69e	783.80
GDP (CONSTANT PRICES, ANNUAL % CHANGE)	2.1	2.1e	1.8
GDP PER CAPITA (USD)	45,283	44,654e	45,756
GENERAL GOVERNMENT BALANCE (IN % OF GDP)	-0.1e	0.2e	0.2
GENERAL GOVERNMENT GROSS DEBT (IN % OF GDP)	62.6e	59.7e	57.8
INFLATION RATE (%)	0.1	0.9e	1.4
UNEMPLOYMENT RATE (% OF THE LABOUR FORCE)	5.9	5.4	5.3
CURRENT ACCOUNT (BILLIONS USD)	74.30e	70.16e	71.54
CURRENT ACCOUNT (IN % OF GDP)	9.6e	9.2e	9.1

Source: IMF – World Economic Outlook Database, 2017

Note: (e) Estimated Data

MAIN SECTORS OF INDUSTRY

The agricultural sector represents 2% of the country's GDP and employs 2% of the population. This sector produces high yields, which is due in part to the intensive farming of arable land. Nearly 60% of the production is exported, either directly or through the food industry. This makes the Netherlands the second largest exporter of agricultural products in the world (after the U.S.). The main crops exported are cereals, potatoes and horticultural products. The Netherlands is also the largest flower exporter in the world.

Industrial activity generates a quarter of the GDP through food-processing, the petro-chemical industry, metallurgy and the transport equipment industry. This sector employs 15% of the workforce. The Netherlands is also one of the largest producers and distributors of oil and natural gas.

Services account for over 78% of national revenue and employ 75% of the workforce. The services sector includes transportation, distribution, logistics, banking and insurance, water engineering and new technologies. The country is also Europe's leading service provider in ocean freight. This is not surprising as its economy largely depends upon exports.

BREAKDOWN OF ECONOMIC ACTIVITY BY SECTOR	AGRICULTURE	INDUSTRY	SERVICES
EMPLOYMENT BY SECTOR (IN % OF TOTAL EMPLOYMENT)	2.2	15.9	81.9
VALUE ADDED (IN % OF GDP)	1.8	20.0	78.2
VALUE ADDED (ANNUAL % CHANGE)	1.9	2.7	2.0

SOURCE: World Bank, 2016

Find more information about your business sector on our service [International market studies](#).

INDICATOR OF ECONOMIC FREEDOM

Score: 75,8/ 100
World Rank: 15
Regional Rank: 7

[Distribution of Economic freedom in the world](#)

SOURCE: [20 17 Index of Economic Freedom, Heritage Foundation](#)

BUSINESS ENVIRONMENT RANKING

Score: 7.78
World Rank: 16/ 82

SOURCE: [The Economist - Business Environment Rankings 20 14-20 18](#)

COUNTRY RISK

See the country [risk analysis](#) provided by [Coface](#).

SOURCES OF GENERAL ECONOMIC INFORMATION

MINISTRIES	Ministry of Social Affairs and Employment Ministry of Economic Affairs Ministry of Infrastructure and the Environment Ministry of Finances
STATISTICAL OFFICE	Central Bureau of Statistics Dutch National Bank
CENTRAL BANK	Amsterdam Exchange (AEX)
STOCK EXCHANGE	Staten- Generaal
OTHER USEFUL RESOURCES	Tax Office
MAIN ONLINE NEWSPAPERS	Het Financiel Dagblad (only in Dutch) NRC Handelsblad (only in Dutch) Algemeen Dagblad (only in Dutch)
ECONOMIC PORTALS	NL Agency
POLITICAL OUTLINE	A constitutional monarchy based on parliamentary democracy.
TYPE OF STATE EXECUTIVE POWER	A constitutional monarchy based on parliamentary democracy. The Chief of State is the King (visit the website of the royal family). Following parliamentary (lower house) elections, the leader of the majority party or leader of a majority coalition is usually appointed Prime Minister (head of the Government) by the Monarch to serve a four-year term. The Council of Ministers is appointed by the monarch on recommendation of the Prime Minister.

LEGISLATIVE POWER	Bicameral legislature. The parliament called States General consists of two chambers: First Chamber (upper house) and Second Chamber (lower house). The Government has the right to dissolve the parliament, either one or both chambers.
MAIN POLITICAL PARTIES	<p>The Netherlands has a two-tier parliament divided into two chambers. The grand coalition currently dominates parliamentary powers and sits in the political centre:</p> <ul style="list-style-type: none"> - People's Party for Freedom and Democracy (VVD): centre-right, based on free market ideas, liberal - Labour Party (PvdA): centre-left, social-democratic political party <p>Other notable parties include:</p> <ul style="list-style-type: none"> - Party for Freedom (PVV): right-wing, known for hard stands on immigration - Socialist Party (SP): left-wing, extremely socialist - Christian Democratic Appeal (CDA): centre, Christian democrats - Democrats 66 (D66): centre, progressive-liberal and radical-democratic political party - ChristianUnion (CU): centre, orthodox reformed political party with centre-left ideals - Greenleft (GL): centre-left, eco-socialist and anti-capitalist political party
CURRENT POLITICAL LEADERS:	King: Willem-Alexander (since 30 April 2013) - hereditary Prime Minister: Mark Rutte (since 14 October 2010)
NEXT ELECTION DATES	House of Representatives: Potentially 2021 (Last general election took place in March 2017)

INDICATOR OF FREEDOM OF THE PRESS

WORLD RANK: 5/ 180

EVOLUTION: 3 places down compared to 2016

SOURCE: [Worldwide Press Freedom Index 2017](#), [Reporters Without Borders](#)

INDICATOR OF POLITICAL FREEDOM

RANKING: Free

POLITICAL FREEDOM: 1/ 7

CIVIL LIBERTIES: 1/ 7

[Map of freedom 2017](#)

SOURCE: [Freedom House](#)

TRADE PROFILE

FOREIGN TRADE IN FIGURES

Dutch prosperity has always been based on its international trade. With high-tech industries and services, foreign trade is one of the main pillars of the Dutch economy, representing 151% of GDP (2016). The level of the country's trade openness (the share of imports plus exports of goods and services in GDP) is usually over 100%, making it one of the most open and outward-oriented economies in the world. Thanks to its geographic location, Rotterdam is the largest European port, which makes the Netherlands a European trade hub. The share of exports in the country's GDP increased significantly in recent years, reaching 82.5% of GDP.

The Dutch balance of trade is structurally in surplus, a trend that should continue in 2017. The trade surplus reached EUR 52.7 billion in 2016, a significant increase compared to its 2015 level (around EUR 44 billion). Exports increased by 1.2% whilst imports fell by 0.6%.

The economic surplus in the Netherlands is almost entirely due to its trade with the countries of the European Union. The country's main trade partners are Germany, Belgium, the United Kingdom, France and Italy. In 2016, the Netherlands were the world's 8th greatest exporter. The country mainly exports processed foodstuff (plants, flowers, dairy products, meat, fruit and vegetables), chemical products, medicine, medical equipment, refined oil, IT and telephone equipment, natural gas, agricultural and construction machinery, electrical and electronic components, printing equipment and semi-conductor manufacturing. Half of the sales are re-exportations as the country plays the role of a European trade hub.

TRADE COMPLIANCE

INTERNATIONAL CONVENTIONS	<p>Member of World Trade Organisation.</p> <p>Member of OECD.</p> <p>Party to the Kyoto Protocol.</p> <p>Party to the Washington Convention on International Trade in Endangered Species of Wild Fauna and Flora.</p> <p>Party to the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal.</p> <p>Party to the Montreal Protocol on Substances That Deplete the Ozone Layer.</p> <p>Party to the Wassenaar Arrangement on Export Controls For Conventional Arms and Dual-Use Goods and Technologies.</p> <p>Party of the International Coffee Agreement 2007.</p>
MAIN INTERNATIONAL ECONOMIC COOPERATION	<p>Member of the European Union Custom Union and numbers of multilateral and bilateral agreements.</p>
PARTY OF THE ATA CONVENTION ON TEMPORARY ADMISSIONS AND USE OF THE CARNETS	<p>Yes</p> <p>As a Reminder, the ATA is a System Allowing the Free Movement of Goods Across Frontiers and Their Temporary Admission Into a Customs Territory With Relief From Duties and Taxes. The Goods Are Covered By a Single Document Known as the ATA Carnet That is Secured By an International Guarantee System. Look Up the Other Member Countries And Read the Web Pages of the World Customs Organization Devoted to the ATA Carnet.</p>
PARTY OF THE TIR CONVENTION	<p>Yes</p> <p>As a Reminder, the TIR Convention and its Transit Regime Contribute to the Facilitation of International Transport, Especially International Road Transport, Not Only in Europe and the Middle East, But Also in Other Parts of the World, Such as Africa and Latin America.</p> <p>The UNCTAD Website Allows You to Read the TIR Convention, See the List of Member Countries And to Find Further Information.</p>
ACCOMPANYING DOCUMENTS FOR IMPORTS	<p>Airway bill or Bill of Lading; Commercial Invoice; Certificate of Origin- Import Approval;</p> <p>Dangerous Goods Certification; VI1; Phytosanitary; Preferential Agreement Documentation; Licenses; Printed Matter; Goods Consigned for Exhibition/ Tradeshow/ Congress; Country of Origin Marking ; Marking of Goods;</p>
FREE ZONES	<p>There are a number of customs warehouses (category A through E, but no category A or F or "free zones") and free warehouses at designated places and international airports where goods in transit may be temporarily stored under customs supervision: Douane kantoor Schiphol Cargo Centre, Amsterdam. All the free zones in the European Union can be found here.</p>

FOR FURTHER INFORMATION

[European Taxation and Customs](#)
[Dutch Custom Procedure](#)
[Dutch Customs](#)
[The Netherlands Foreign Trade Agency](#)

NON TARIFF BARRIERS

As a member of the [European Union](#), the Netherlands complies with all EU regulations. While the EU has a rather liberal foreign trade policy, there is a certain number of restrictions, especially on farm products, following the creation of the Common Agricultural Policy ([CAP](#)). The CAP compensates the import and export costs of farm products in order to favour the development of agriculture within the EU. The EU also controls a certain level of trade within its borders. For example, the presence of Genetically Modified Organisms (GMOs) in products must be specified on all packaging for safety purposes and the import of beef injected with artificial hormones is prohibited. Moreover, the "mad cow crisis" in the 1990s prompted the European Authorities to strengthen the sanitation requirements of all meat products entering and circulating in the EU territory. These precautionary measures also require evidence of compliance. If there is any uncertainty about an important, it is denied entry into the EU until proof of compliance is produced.

SECTORS OR PRODUCTS FOR WHICH COMMERCIAL DISAGREEMENTS HAVE BEEN REGISTERED WITH THE WTO

The Netherlands has only been a part of one dispute involving the United States. The US claimed that the Netherlands was giving illegal support to domestic exporting companies in the form of tax deduction in case [DS128](#). The complaint is still in the phase of consultation.

As a member of the European Union it has had a lot of disputes, more about these disputes can be found [here](#).

ASSESSMENT OF COMMERCIAL POLICY

[The Netherland's commercial policy](#), as seen by the WTO [Barriers to exchanges](#), inventoried by the United States.

STANDARDS

NATIONAL STANDARDS ORGANISATIONS

[Ministry of Infrastructure and the Environment](#).
[European Certification Bureau](#).
[Keurmerk Instituut](#).

INTEGRATION IN THE INTERNATIONAL STANDARDS NETWORK

The Dutch Ministry of Living, Space and the environment participates in [the International Standard organisation \(ISO\)](#) [the International Electrotechnical Commission \(IEC\)](#), [the International Telecommunication Union](#), the [European Telecommunication Standard Institute \(ETSI\)](#), [the European Committee for Standardisation](#) and [the European Committee for Electrotechnical Standardisation](#).

OBLIGATION TO USE

Standards and certifications processes are as developed by the [European](#).

STANDARDS	Telecommunication Standard Institute (ETSI), European Committee for Standardization and the European Committee for Electrotechnical Standardization.
CLASSIFICATION OF STANDARDS	A CE mark is obligatory.
ASSESSMENT OF THE SYSTEM OF STANDARDIZATION	Dutch consumers are not well-informed when it comes down to the standards and the regulations. They do not pay a lot of attention to them especially if the product in question is not very expensive. Recently consumers have been paying more attention to the energy label on products.
ONLINE CONSULTATION OF STANDARDS	Available on the European Telecommunication Standard Institute (ETSI) , the European Committee for Standardisation and the European Committee for Electrotechnical Standardisation's websites .
CERTIFICATION ORGANISATIONS	Consultants Europe B.V. KEMA Quality B.V. European Certification Bureau Nederland.V. Telefication B.V.
ASSOCIATIONS OF STANDARDS USERS	Normalisatie Kringen Nederland

BUSINESS PRACTICES

BUSINESS RELATIONS

THE FUNDAMENTAL PRINCIPLES OF BUSINESS CULTURE	<p>The Netherlands is historically committed to neutrality, tolerance and global cooperation. A number of things that you should pay attention to are:</p> <ul style="list-style-type: none"> - Do not be late; in case that you are make a call ahead and explain why. - Demonstrate why your relationship is mutually beneficial. - The Dutch take a long-term perspective when looking at a business. - Personal time (with the family) is extremely important, do not ask them to work late or during weekends.
FIRST CONTACT	The ideal situation would be that a third party introduces you. If that is not possible a phone call would be the best option, after which you could schedule an (carefully planned) appointment (which is usually confirmed by email).
GREETINGS	You should introduce yourself by giving a firm and swift handshake. Very close friends may greet each other by air kissing near the cheek three times, starting with the left cheek. This rarely happens when doing business because the Dutch like to keep business and private live separated.
HOW TO PRESENT YOURSELF	By a smile and repetition of your name. Be sure to introduce yourself to everyone that includes children. Most Dutch only use first names with family and close friend so wait until invited before moving to a first-name basis.

BUSINESS RELATIONS	Only professionally.
GIFTS	<p>If invited to a Dutch home bring a box of good quality chocolates, a potted plant, a book, or flowers to the hostess. Flowers should be given in odd numbers. Avoid giving white lilies or chrysanthemums, these are associated with funerals.</p> <p>Note: In some companies (accounting companies for example) employees are not allowed to accept (big) gifts because of their company policy.</p>
BUSINESS COMMUNICATION	<p>Dutch people are very direct up to the point that they come across blunt for people from another culture. Opinions should be stated firmly (yes/no). Ideas are usually discussed openly among employees. During negotiations they prefer to get down to business quickly. They are detail-oriented and want to understand every innuendo before coming to an agreement. Avoid confrontational behaviour or high- pressure tactics, they can jeopardize the business. Once a decision is made, it will not be changed, and the contract will be enforced strictly.</p> <p>Always appear modest and do not make exaggerated claims about what you or your company can deliver. Your word is your bond and making claims that later prove to be untrue will brand you as unreliable.</p>
DRESS CODE	Try to dress fairly conservative in a business suit as they dislike displays of wealth they run counter to their egalitarian beliefs.
VISITING CARDS	Don't have to be translated, although promotional materials and instruction manuals should be translated into Dutch. Be sure to include any university degree above a B.A. on your business card but do not mention it in conversation.
FOR FURTHER INFORMATION	<p>Executive planet, The Dutch business culture.</p> <p>Kwintessential, The Dutch business culture.</p>

TAX SYSTEM

CORPORATE TAXES

Tax Base for Resident All VAT taxpayers are required to pay VAT, though companies located outside of the and Foreign Netherlands can opt to file paper tax returns. Companies

TAX RATE

CORPORATE INCOME TAX	20 17	20 18	20 19	20 20	20 21
COMPANIES WITH TAXABLE PROFITS UP TO EUR 200,000	20 %	20 %	19%	16.5%	15%
COMPANIES WITH TAXABLE PROFITS ABOVE EUR 200,000	25% on the excess	25% on the excess	25% on the excess	22.5% on the excess	20.5% on the excess

TAX RATE FOR FOREIGN COMPANIES CAPITAL GAINS TAXATION

Capital gains are generally included in taxable profits and taxed at the corporate rate. Participation exemption is provided for qualifying dividends and capital gains from the sale of shares in a company. Capital gains that arise from mergers and acquisitions, where a company uses shares to acquire another company and its assets, are generally tax exempt.

MAIN ALLOWABLE DEDUCTIONS AND TAX CREDITS

Business expenditure is generally tax deductible, including costs incurred in setting up a business; reserves kept for certain types of future spending and book profits; rents, royalties and interest payments on corporate debt; remuneration of members of the managing and supervisory boards; bad debts; capital losses; pension plan contributions; commissions; bonuses paid to employees through an internal profit-sharing plan; gifts to contributions to religious, social, charitable and other institutions; and many types of taxes, including foreign taxes if not already benefiting from a tax treaty. An additional standard allowance is provided for investment in fixed assets. Certain expenses such as fines are non-deductible.

With regard to goodwill, the amortisation for tax purposes is limited to 10% of the purchase price *per annum*. Furthermore, the tax depreciation of other fixed assets (i.e. inventory, equipment) is limited to 20% of the purchase price or production costs each year.

OTHER CORPORATE TAXES

A real estate transfer tax is levied on the acquisition of property in the Netherlands at a rate of 6%, since 2019 9%, of the market value of the property, or 2% for private residences. Insurance tax at a rate of 2% is levied on insurance premiums, excluding life, accident, medical, invalidity, disability, unemployment and transport insurance, which are exempt. Various environmental taxes are levied, including a coal tax, energy tax on the supply of electricity and natural gas, tap water tax, waste tax on the disposal of waste and a motor vehicle tax.

Municipalities levy an additional annual real estate tax at varying rates, which is deductible for corporate tax.

OTHER DOMESTIC

[Consult Doing Business Website](#), to obtain a summary of the taxes and mandatory contributions.

COUNTRY COMPARISON FOR CORPORATE TAXATION

	NETHERLANDS
NUMBER OF PAYMENTS OF TAXES PER YEAR	9.0
TIME TAKEN FOR ADMINISTRATIVE FORMALITIES (HOURS)	19.0
TOTAL SHARE OF TAXES (% OF PROFIT)	40.4

Source: Doing Business - 2017.

Note: *The Greater the Index, the More Transparent the Conditions of Transactions. **The Greater the Index, the More the Manager is Personally Responsible. *** The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action. **** The Greater the Index, the Higher the Level of Investor Protection

ACCOUNTING RULES

ACCOUNTING SYSTEM

ACCOUNTING STANDARDS International Financial Reporting Standards (IFRS) as adopted by the EU apply to all domestic and foreign public companies. Small entities must choose between Book 2 of the Dutch Civil Code combined with fiscal valuations, Dutch Accounting Standards for small entities, Dutch Accounting Standards for medium sized and large entities and IFRS Standards as adopted by the EU combined with a part of the Dutch Accounting Standards for medium-sized and large entities. Medium sized entities must choose between Dutch Accounting Standards for medium-sized and large entities and IFRS Standards as adopted by the EU combined with a part of the Dutch Accounting Standards for medium sized and large legal entities.

ACCOUNTING REGULATION BODIES [Dutch Accounting Standard Board](#)

ACCOUNTING LAW The Dutch accounting system is regulated by Title 9 of the Netherlands Civil Code and the [Act on Financial Supervision](#).

DIFFERENCE BETWEEN NATIONAL AND INTERNATIONAL STANDARDS (IAS/IFRS) IFRS Standards are required for all domestic public companies and listings by foreign companies (except in the case of a foreign company whose home jurisdiction's standards are deemed by the EU to be equivalent to the IFRS Standards. IFRSs are not required for SMEs

ACCOUNTING NEWS [Accounting Web](#)
[Accounting Plaza](#)

ACCOUNTING PRACTICES

TAX YEAR The tax year generally corresponds to the calendar year, although a deviating year may be used if so provided in the company's articles of association. The tax year usually is 12 months, but shorter or longer periods are permitted in the year of incorporation/liquidation.

ACCOUNTING REPORTS Financial statements, cash flow statement and additional information.

PUBLICATION REQUIREMENTS Private companies, cooperatives, mutual insurance companies and general partnerships have to publish their accounts.
To be published, the annual report must be submitted to the trade register. Statements must be filled annually.
For large BVs and NVs, annual reports containing a balance sheet and a profit and loss statement that compare results from previous years must be presented to shareholders and published within eight days of adoption.
Specified "closed" NVs (whose shares are 100% privately owned) that are subsidiaries may be exempt from publishing annual reports if the results of their activities are included in a consolidated report issued by the parent company, which is expected to assume full responsibility for their accounts.

ACCOUNTANCY PROFESSION

ACCOUNTANTS The Royal Netherlands Institute of Registered Accountants (Koninklijke Nederlandse Beroepsorganisatie van Accountants - NBA) is the professional body for accountants in the Netherlands and has more than 21,000 members.

PROFESSIONAL ACCOUNTANCY BODIES [Netherlands Association of Registered Controllers](#)
[Royal Netherlands Institute of Registered Accountants](#)

MEMBER OF THE INTERNATIONAL FEDERATION OF ACCOUNTANTS (IFAC) The Royal Netherlands Institute of Registered Accountants (the Royal NBA) is a member of the [IFAC](#)

MEMBER OF OTHER FEDERATION OF ACCOUNTANTS NBA is a member of [Accountancy Europe](#).

AUDIT BODIES Companies have to appoint a statutory auditor to conduct an annual audit of the financial health of their organisation. For more information, you can contact [The Netherlands Court of Audit](#).

CONSUMPTION TAXES

NATURE OF THE TAX BTW (Belasting Toegevoegde Waarde)
STANDARD RATE 21%

REDUCED TAX RATE A reduced rate of 6%, since 2019 9%, applies to certain goods and services including food, medicine, water supplies, agricultural and medical equipment, art, books, newspapers, hotel accommodation, passenger transportation and certain labour-intensive services. There is no rate applied to exported goods, sea going vessels and aircraft used for international transport, gold destined for central banks and activities within bonded warehouses or their equivalents, as well as goods transported to another EU member state on which VAT is levied. The following are also exempt from VAT: medical, cultural, social, and educational services; services provided by banks and other financial institutions in connection with payment transactions and the granting of credit facilities; insurance transactions.

EXCLUSION FROM TAXATION VAT exemptions include educational services, medical services, banking and insurance transactions, postal services, non-commercial broadcasting, and the services of journalists, composers and writers.

METHOD OF CALCULATION, DECLARATION AND SETTLEMENT

All VAT taxpayers are required to register, file a VAT return and make a payment to the tax authorities on a monthly, quarterly or annual (only if the amount due is less than EUR 1,883 a year) basis. The returns are submitted electronically, although companies based outside of the Netherlands have the option of filing paper returns. If the return and payment amount are not received by the end of the following month, penalties and interest charges apply.

OTHER CONSUMPTION TAXES, INDIVIDUAL TAXES

Liquor tax, tobacco tax, gasoline tax, aviation fuel tax, liquefied petroleum gas tax, **petroleum tax**, motor vehicle tax and other taxes are levied as excise duty on the end price to consumers.
Taxes on exported goods typically qualify for a refund.

TAX BASE FOR RESIDENTS AND NON-RESIDENTS

Residency is not defined in the Income Tax Act and thus varies on a case-by-case basis. Factors in consideration include the individual's personal and economic ties to the Netherlands and nationality. Residents are taxed on worldwide gross income while non-residents are taxed only on certain Dutch-sourced income (returns from immovable property located in the Netherlands and profit-sharing rights on net profits of resident companies).

TAX RATE

BOX 1 – HOME OWNERSHIP AND EMPLOYMENT INCOME	20 17	TAX RATE 20 17	20 18	TAX RATE 20 18	20 19	TAX RATE 20 19
BOX 1 – upper limit combined rate Disk 1	€ 19.982	36.5%	€ 20.142	36.55%	€ 20.384	36.65%
BOX 1 – upper limit combined rate; born after 1-1-1946 Disk 2	€ 33.791	40.8%	€ 33.994	40.85%	€ 34.300	38.10%
BOX 1 – upper limit combined rate; born before 1-1-1946 Disk 2	€ 34.130	40.8%	€ 34.404	40.85%	€ 34.817	38.10%
BOX 1 – upper limit combined rate Disk 3	€ 67.072	52%	€ 68.507	51.95%	€ 68.507	51.75%
BOX 2 – Enterprise Income		25%		25%		25%
BOX 3 – Savings and Investment Income		30%		30%		30%

ALLOWABLE DEDUCTIONS AND TAX CREDITS

Deductions are available for (i) (Box 1) home ownership and employment income: charity donations, life annuity premiums and mortgage interest on an owner-occupied home, childcare, alimony, and medical treatment expenses; (ii) (Box 2) enterprise income from shareholdings of a company: losses; (iii) (Box 3) savings and investment income: each taxpayer is allowed a tax-free capital threshold of EUR 30.000.

Residents (as well as partial non-residents and qualifying non-residents) are entitled to claim deductions mainly relating to their personal or family circumstances, including maintenance payments to a former spouse; education and medical and disability expenses.

In addition, personal tax credits are available for employees (EUR 2,254), elderly, young disabled people and low-income employees.

SPECIAL EXPATRIATE TAX REGIME

A 30% facility is provided for employees with a specific and scarce expertise that is assigned to the Netherlands and receives a wage above EUR 37,000 (or EUR 28,125 for graduates with a Master's degree).

CAPITAL TAX RATE

An inheritance tax is levied on the total value of an acquisition from a person who lived in the Netherlands at the time of death. A gift tax is levied on all gifts from Dutch residents. The rates are 10% to 40% depending on the relationship between the parties and the taxable amount. The transfer of business assets is exempted up to a certain amount.

A municipal real property tax is applicable to all immovable property based on its council-rated value. A transfer tax is applicable to the acquisition of property in the Netherlands at 6%, since 2019 9%, of market value of the property or 2% for private residences.

DOUBLE TAXATION TREATIES

WITHHOLDING TAXES

Withholding taxes for dividends: 15%; interests and royalties: 0%

SOURCES OF FISCAL INFORMATION

TAX AUTHORITIES

[Belastingdienst - Dutch Tax Administration](#)
[The Ministry of Finance of the Netherlands](#)
[Ministry of Finances of the Netherlands](#)

OTHER DOMESTIC RESOURCES

[Dutchtaxes.net on taxes in the Netherlands](#)

LEGAL ENVIRONMENT

BUSINESS CONTRACT

GENERAL OBSERVATION

You must state precisely the obligations of the vendor and the methods of quality control.

LAW APPLICABLE TO THE CONTRACT	You do not have to be particularly vigilant about the law applicable to the contract and the methods of conflict resolution. Indeed, the Netherlands is a signatory to the Vienna Convention on International Contracts .
ADVISABLE INCOTERMS	Choose FOB or CIF , or more. Avoid EXW if you do not want to be involved in organizing domestic transport in the Netherlands, as this is quite a complex operation.
LANGUAGE OF DOMESTIC CONTRACT	Dutch, English
OTHER LAWS WHICH CAN BE USED IN DOMESTIC CONTRACTS	The laws and courts of America, England and Switzerland provide fair justice and are understandable in English, which is likely to be accepted by your Dutch supplier.

INTELLECTUAL PROPERTY

NATIONAL ORGANISATIONS	The Office of Industriële Eigendom Netherlands
REGIONAL ORGANISATIONS	Industrial Property Office, Copyright Office
INTERNATIONAL MEMBERSHIP PROPERTY	Member of the WIPO (World Intellectual Property Organization) Signatory to the Paris Convention For the Protection of Intellectual Membership to the TRIP Agreement – Trade-Related Aspects of Intellectual Property Rights (TRIPS)

NATIONAL REGULATION AND INTERNATIONAL AGREEMENTS

TYPE OF PROPERTY AND LAW	VALIDITY	INTERNATIONAL AGREEMENTS SIGNED
<p>Patent</p> <p>Patents Act of the Kingdom 1995</p>	<p>10 years, renewable for further 10 year periods</p>	<p>Patent Cooperation Treaty (PCT)</p>
<p>Trademark</p> <p>Office of Harmonisation for the Internal Market</p>	<p>10 years, renewable for further 10 year periods</p>	<p>Trademark Law Treaty Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks</p>
<p>Design</p> <p>Office of Harmonisation for the Internal Market</p>	<p>It initially has a life of five years from the filing date and can be renewed in blocks of five years up to a maximum of 25 years, whereas the UCD grants a right of three years from the date of the first disclosure that must take place within EU territory.</p>	
TYPE OF PROPERTY AND LAW	VALIDITY	INTERNATIONAL AGREEMENTS SIGNED
<p>Copyright</p> <p>Auteursrecht</p>	<p>70 years, but varies a lot depending on the type of product</p>	<p>Berne convention For the Protection of Literary and Artistic Works Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms Rome Convention For the Protection of Performers, Producers of Phonograms and Broadcasting Organizations WIPO Copyright Treaty WIPO Performances and Phonograms Treaty</p>
<p>Industrial Models</p> <p>Industrial Property</p>	<p>A minimum of 5 and a maximum of 25</p>	

LEGAL FRAMEWORK OF BUSINESS

EQUITY OF JUDGMENTS

EQUAL TREATMENT OF NATIONALS AND FOREIGNERS Foreigners can expect an impartial trial from the country's judicial system.

THE LANGUAGE OF JUSTICE Dutch and Frisian.

RECOURSE TO AN INTERPRETER Yes, but no guidelines exist to ensure effective communication between judges, lawyers, and non-Dutch / Frisian speaking defendants.

LEGAL SIMILARITIES Based on the civil law system incorporating French penal theory. The Netherlands accepts compulsory ICJ jurisdiction but with reservations. Holland being a member of the European Union, the national law in the country has needs to comply with the conditions of the Community legislation.

THE DIFFERENT LEGAL CODES

Civil law (including family law, inheritance law, contract law and commercial law)	Het Burgelijk Wetboek
Criminal law	Het Wetboek van Strafrecht
Constitutional law (including laws on the structure of the state)	Constitution of the Netherlands
Administrative law	Algemene Wet Bestuursrecht

CHECKING NATIONAL LAWS ONLINE [All Dutch Laws \(Only in Dutch\)](#)

OTHER USEFUL RESOURCES [Dutch Legal Links](#)
[Ministry of Law and Justice](#)

COUNTRY GUIDES [LexMundi](#), Guide to doing business in Netherlands: legal system.

THE JURISDICTIONS

THE SUPREME COURT	Merely views whether the (Dutch) law has been applied properly
THE COUNCIL FOR THE JUDICIARY	The Council's tasks relate to operational matters, budgetary matters and the qualitative aspects of the administration of justice.
THE CENTRAL APPEALS TRIBUNAL	Is a board of appeal which is mainly active in legal areas pertaining to social security and the civil service. In these areas it is the highest judicial authority.
FIVE COURTS OF APPEAL	The justices of the Court of Appeal only deal with cases where an appeal has been lodged against the judgment passed by the district court. In addition to criminal and civil cases, the Court of Appeal also deals with all appeals against tax assessments, in its capacity as administrative court.
NINETEEN DISTRICT COURTS	Made up of a maximum of five sectors: the administrative sector, civil sector, criminal sector and sub-district sector.

COURT OFFICIALS

THE NETHERLANDS BAR ALL ASSOCIATION (BAR) [Netherlands Bar Association](#) (the Bar) is the public-law professional body for advocates in the Netherlands.

INTERNATIONAL DISPUTE RESOLUTION

ARBITRATION	Recognized under Dutch law as a legitimate method for settling disputes.
ARBITRATION LAW	Can be found on the website Nederlands Arbitrage Instituut (in Dutch).
CONFORMITY TO INTERNATIONAL COMMERCIAL ARBITRATION RULES	Party to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards. Party to the Geneva Protocol on Arbitration Clauses. Party to the Geneva Convention of the Execution of Foreign Arbitral Awards.
APPOINTMENT OF ARBITRATORS	One (or three) arbitrators are assigned, the compensation depends on the type of case (what industry / amount etc.)
ARBITRATION PROCEDURE	The prosecutor file is demanded in written and the defendant replies to it. A second is optional. After that a hearing is organized where both parties have the ability to clarify their side of the story. After that the arbitrators decide and put it on appeal and send it to the persecutor and the defendant. The result is binding in most cases. In some cases an appeal can be made at another arbitrage comity. Another option is to go to court and ask them to undo the made decision.

PERMANENT ARBITRATION BODIES [Committee of Arbitrage](#) (Sectors Covered: General)
[The Netherlands Institute for Arbitrage](#) (Sectors Covered: General)
[TMC Asser Institute](#) (Sectors Covered: General)

REACHING THE CONSUMERS

CONSUMER PROFILE AND GROWING SECTORS Household consumer goods, pharmaceuticals, traveling, sportswear, clothing and footwear. The baby boom generation will soon retire and as such sectors that provide services for this generation are rapidly growing. The agricultural sector is declining slightly.

CONSUMER BEHAVIOUR The Dutch tend to favour high-quality products. Consequently, they are more willing to splurge on expensive products when they perceive the product's value is equal to its quality. The Dutch consumer does not have a bias for purchasing domestic products over their foreign counterparts. Moreover, good advertising campaigns have been popular among the Dutch consumer and highly effective on product sales.

CONSUMER PROFILE AND PURCHASING POWER On average, the Dutch consumer is relatively well-off, however they tend to have quite modest consumption habits. Traditionally, the Dutch prefer familiar brands over novel products. However, recently the publicity on environmental awareness has encouraged the Dutch consumer to buy products that are environmentally friendly.

CONSUMER RECOURSE TO CREDIT Dutch consumers will favour a product with a consumer credit over a similar product without a consumer credit.

CONSUMERS ASSOCIATIONS [Consumentenbond](#)
[Eigen Huis](#)
[United Consumers](#)

SELLING

MARKET ACCESS PROCEDURES

CUSTOMS PROCEDURES

IMPORT PROCEDURES Upon the release for free circulation, non-community goods are granted the status of community goods. Article 79 (2) of the customs code (cc) details the conditions under which non-community goods can be released for free circulation. It stipulates that the goods must both have their import duties paid according to the community customs tariff and that there is no applicable duty relief. Also, commercial policy measures (such as the presentation of an import authorisation for goods subject to quotas) and any other formalities specified on the importation of such goods (such as the presentation of a health certificate for certain animals) must be adhered to.

additional information about import procedures can be found [on the European commission website](#).

As part of the "safe" standards advocated by the world customs organisation (wco), the european union has set up a new system of import controls, the "import control system" (ics). The ics aim to secure the flow of goods at the time of their entry into the eu. This control system is part of the [community program ecustoms](#) and has been in effect since 1january 20 11. Since then, operators are required to pass an [entry summary declaration \(ens\)](#) to the customs of the country of entry, prior to the introduction of goods into the customs territory of the european union.

SPECIFIC IMPORT PROCEDURES

The [customs code \(cc\)](#) provides for a number of special arrangements permitting more favorable or simplified conditions at release for free circulation, among which the favorable tariff treatment by reason of the nature or [end-use of the goods](#) deserves special consideration.

IMPORTING SAMPLES Weapons, ammunition, protected species of flora and fauna and drugs.

To go further, check out our service [Import Controls](#) and [Export Controls](#).

CUSTOMS DUTIES AND TAXES ON IMPORTS

CUSTOMS THRESHOLD (FROM WHICH TARIFFS ARE REQUIRED)	EUR 150
AVERAGE CUSTOMS DUTY (EXCLUDING AGRICULTURAL PRODUCTS)	As a member of the EU, the Netherlands has one of the lowest average custom duties at 4.17%. Complete detail of the custom duties by classification per product
PRODUCTS HAVING A HIGHER CUSTOMS TARIFF	Food-processing industry and textile sectors (average duties of a 17.3% and numerous tariff quotas, PAC) still know protective measures.
PREFERENTIAL RATES	For countries with whom a bilateral or a multilateral agreement have been signed by the European Union To get further information consult the website of the European Union . To get further information on customs policies in the European Union, please check the exhaustive report by the European Commission .
CUSTOMS CLASSIFICATION	Harmonised custom system.
METHOD OF CALCULATION OF DUTIES	When the country exporting goods to the Netherlands is not part of the European Union, customs duties are calculated Ad valorem on the CIF value of the goods, in accordance with the Common Customs Tariff (CCT).
METHOD OF PAYMENT OF CUSTOMS DUTIES	By electronic payment system or by credit card.
IMPORT TAXES (EXCLUDING CONSUMER TAXES)	None.

USING A COMMERCIAL AGENT

SETTING UP A COMMERCIAL UNIT

THE ADVANTAGES A flexible legal environment making it easy to set up a commercial unit. A commercial unit should only be taken into consideration if a company wants to establish long-term sales.

WHERE TO BE VIGILANT Due to the low level of unemployment it is hard to find good employees, although multinationals do not suffer from this to the same degree as Dutch companies.

Those companies that wish to use their own distribution, franchise and agency agreements need to make sure that they are linked with the EU law (Council Directive 86/653/EEC). In addition to that the Directorate General for Competition also applies. Recently the EU has also started a fight against payment delays (Directive 2000/35/EC).

DIFFERENT POSSIBLE FORMS OF SETTLEMENT

A REPRESENTATIVE OFFICE Sole traders and (limited) partnerships are both legal forms without a legal personality. The guiding principle is that an entrepreneur always remains personally liable for the company's debt. A partnership can be used for two or more partners that wish to do business jointly and under a joint name without having to meet all the N.V. and B.V. legal requirements.

A BRANCH OFFICE A branch is the best way to go if a company does not wish to establish a legal entity. It is easier and less expensive to establish than a subsidiary but does not form a separate legal entity making the parents fully liable for all of its obligations.

A COMPANY Setting up a subsidiary needs time and leads to considerable expense. However, it offers a better guarantee of protection for the registered trade mark, of obtaining credit and of breaking into the market.

BUYING

CUSTOMS PROCEDURES

EXPORT CLEARANCE The export procedure foresees, in principle, two stages:

First the exporter/declarant presents the goods, his [export declaration](#) and, when necessary, his export authorization or license at the customs office responsible for the place where he is established or where the goods are packed or loaded for export (Article 161(5) CC).

Subsequently, the goods and a copy of the export declaration are presented to the customs office of exit which satisfies itself that the goods presented correspond to those declared and supervises their physical departure (Article 793 CCIP).

In the case of goods exported by rail, post, air or sea, the customs office of exit may be the office competent for the place where the goods are taken over under a single transport contract for transport to a third country (e.g. port, airport, railway station).

The customs office of exit endorses copy No 3 of the SAD or any other document replacing it ([Administrative Arrangement of 1994](#)) and returns it to the declarant or his representative (this serves as proof of export and can be used for exemption from VAT and excise duty).

NECESSARY DECLARATION

Details submitted will include the origin of the goods, the country to where the goods are being sent, commodity codes, Customs Procedure Codes and values.

RESTRICTIONS

There are no export restrictions in the European Union, for certain products export approval is needed.

THE ADVANTAGES

Ideal option for small and medium sized companies that wish to export to the Dutch and/or European market. The Dutch market is very competitive which makes it relatively cheap to make use of an agent. They are knowledgeable of both the European and Dutch market, speak foreign languages and used to handling foreign customers.

WHERE TO BE VIGILANT

Do not be shy and make use of the heavy competition. Dutch firms almost always want to be the exclusive distributor. Frequent contact is recommendable once a business relationship has been established.

ELEMENTS OF MOTIVATION

Exclusivity, a minimum number of sales, the prospect of doing more business together in the future in case of meeting certain conditions.

THE AVERAGE AMOUNT OF COMMISSION

Between the 5 and the 10 % depending on the type of products. If there is a lot of effort involved with handling the products the commission will be higher while if they are lower the commission also tends to be lower. The commission is also higher in case of an occasional transaction. The amount of commission is negotiable in most cases.

BREACH OF CONTRACT

This very rarely happens, but when it does the company is entitled to compensation for the caused damage.

FINDING A COMMERCIAL AGENT

[Global Representation](#)

[dutch brache](#), organisation for commercial agents

[Verbond Nederlandse Tussenpersonen](#), Association of Commercial Intermediaries

EXPORT TAXES None

INDUSTRIAL AND MANUFACTURING PROFILE

TYPE OF PRODUCTION The industry is responsible for 24% of the Dutch GDP. Industrial activity is predominantly in food processing, chemicals, petroleum refining, and electrical machinery. All of these industries are highly competitive.

TYPE OF MANUFACTURERS

ORIGINAL EQUIPMENT MANUFACTURERS A number of original equipment manufacturers in the chemical, pharmaceutical and technological sector. The Netherlands spend about 2% of their GDP on research and development.

ORIGINAL DESIGN MANUFACTURERS There are some original design manufacturers in the Netherlands, mainly in the technical sector.

SUBCONTRACTORS Dutch subcontractors for specific jobs are hired on a regular base; particularly in the construction industry and in the area of consultancy (think of market research or water management for instance).
Subcontractors (mainly for labour and technological intensive products) can be found in Asia so the Dutch suffer from Asian competition.

USEFUL RESOURCES [Dutch Innovation Platform](#)
[Confederation of Netherlands Industry](#)

OTHER USEFUL RESOURCES

TRADE AGENCIES AND THEIR REPRESENTATIONS ABROAD [Dutch Chamber of Commerce](#)
[Dutch Ministry of Economic Affairs](#)
[Netherlands Agency for International Trade](#)

CONTACT YOUR COMMERCIAL REPRESENTATIONS IN THE NETHERLANDS [Contact the economic mission.](#)
[Embassy of France in the Netherlands](#)

FAIRS AND TRADE SHOWS [De Jaarbeurs](#)
[De RAI](#)
[All trade shows in the Netherlands](#)

To go further, check out our service [Professional Trade Shows](#).

CONTROLLING THE QUALITY OF THE PRODUCTS

QUALITY CONTROL ORGANIZATIONS [DEKRA](#)
[NEN](#)

ORGANIZING GOODS TRANSPORT TO AND FROM THE NETHERLANDS

MAIN USEFUL MEANS OF TRANSPORT Transport Professionals [Rotterdam](#) is the first port of Europe and one of the most important in the world. In 2015 it handled 466 million tons of goods. This is set to reach an estimated 700 million by 2030. Another important port is [Amsterdam](#), which is accessible via canal. The Netherlands has an internal network of waterways covering 6,237 km, of which boats up to 50 tonnes can navigate through. In 2006, 318 million tonnes of goods passed through Dutch inland waterways. This accounts for 30% of goods transported throughout the Netherlands. According to [the Dutch Government](#), their long-term goal is to promote inland shipping and reduce traffic on the roads.

Although the Netherlands has a modern and vast road network, the road capacity is often unable to support transport demand, resulting in traffic jams. The Ministry of Infrastructure and the Environment is responsible for both maintaining and improving the waterways. It plans to expand on the capacity of waterways, bridges and berths and improve the quality of its ports. In doing so the Ministry aims to make inland waterways a more significant feature of Dutch domestic transport and reduce the burden on road freight.

Transport through the Netherlands via inland waterway is the most economical and environmentally friendly option because of the small size of the country. While the domestic airline KLM covers a wide network with competitive prices, it is very expensive and not environmentally-friendly. Railway freight is another alternative to road transport. As 80% of goods transported by rail originates from or is destined for other countries, the Dutch Government plans to build more tracks to accommodate this demand. For example, in 2016 the Dutch Government plans for an additional track to be laid between the rail link from Rotterdam to Oberhausen (in Germany)

BY SEA PORTS TRANSPORT PROFESSIONALS

[Port of Amsterdam](#)
[Port of Rotterdam](#)
[Ports of Zeeland](#)

GOVERNMENT TRANSPORT ORGANISATIONS

[ABC European Air & Sea Distribution B.V.](#)
[DSV Air & Sea B V](#)
[Progress Sea and Air BV](#)
[Dutch Maritime Network Foundation \(in Dutch\)](#)
[Maritime Research Institute Netherlands](#)

BY AIR AIRPORTS

[Amsterdam Schipol Airport](#)
[Maastricht Airport](#)
[Rotterdam Airport](#)
[Eindhoven Airport](#)
[Groningen Airport](#)

KLM Royal Dutch Airlines
Transavia Airlines
Airfreight Directory of the Netherlands

BY ROAD

TRANSPORT PROFESSIONALS [Dutch Road Transport Professionals](#)
GOVERNMENT TRANSPORT ORGANISATIONS [Gemeente Vervoer](#)

BY RAIL

TRANSPORT professionals [The National Railways Company NS](#)
[MetroPlanet](#)
[Syntus B.V.](#)
[Veolia Transport](#)

OPERATING A BUSINESS

LEGAL FORMS OF COMPANIES

THE BV (BESLOTEN VENNOOTSCHAP MET BEPERKTE AANSPRAKELIJKHEID) IS A PRIVATE LIMITED COMPANY.	Financial Report Number of partners: One or more. It can be constituted of several legal entities or individuals, and 1 shareholder for a BV proprietorship. At least one person on the board of directors must have Dutch citizenship. Capital (max/ min): No minimum, abolished as of 2012 Shareholders and liability: Liability of each partner is limited to the amount of capital contributed.
THE NV (NAAMLOZE VENNOOTSCHAP) IS A PUBLIC LIMITED COMPANY.	Number of partners: One or more without limitation in the number of partners. Capital (max/ min): 45,000 EUR at least. 20 % should represent the subscribed amount and 25% the amount released at the incorporation Shareholders and liability: Liability is limited to the amount of capital contributed.
THE VOF (VENNOOTSCHAP ONDER FIRMA) IS A GENERAL PARTNERSHIP.	Number of partners: Minimum 2 without limitation in the number of partners. Capital (max/ min): No minimum capital. Shareholders and liability: Partners' liability is joint and unlimited.
CV (COMMANDITAIRE VENNOOTSCHAP) IS A LIMITED PARTNERSHIP.	Number of partners: Minimum 2 without limitation in the number of partners. 2 types of partners: active partners and sleeping partners. Capital (max/ min): No minimum capital. Shareholders and liability: At least one active partners have an unlimited liability. Sleeping partners have a liability limited to the amount contributed.

BIJKANTOOR IS A BRANCH

Number of partners: No legal entity, it depends on the status of the parent company.
Capital (max/ min): No capital is required, if the branch is registered with the Trade Register .
Shareholders and liability: The parent company is liable for actions carried out by the branch except for management which is limited, joint and several.

ENTERPRISES
FEDERATION
FIND A COMPANY OR
A
FINANCIAL REPORT

[Small and Medium Enterprise Representative Information for the Small and Medium sized companies Handelsregister](#)

BUSINESS SETUP PROCEDURES

SETTING UP A COMPANY	NETHERLANDS
PROCEDURES (NUMBER)	4.00
TIME (DAYS)	4.00

SOURCE: Doing Business.

For Further Information [Consult Doing Business Website](#), to know about procedures to start a Business in Netherlands.

THE COMPETENT ORGANISATION [The Trade Register.](#)

RECOVERY PROCEDURE

PRINCIPLE Insolvency does not directly lead to bankruptcy, more details can be found in [the Netherlands insolvency law](#).

MINIMUM DEBT-TO-CAPITAL RATIO None

TRIGGERING LIQUIDATION

BANKRUPTCY LAWS Consists out of the insolvency laws, more details can be found [in the book Netherlands insolvency law](#).

REORGANIZATION AND REHABILITATION LAWS All of them can be found [in the book Netherlands insolvency law](#).

THE ACTIVE POPULATION IN FIGURES

	2016	2017	2018
Labour Force	8.892.000	8.974.000	9.051000

SOURCE: CIA – The World Factbook

WORKING CONDITIONS

OPENING HOURS	
LEGAL WEEKLY DURATION	Depends on the industry, but usually no more than 12 hours per day
MAXIMUM DURATION	Officially 48 hours. Occasionally, overtime, with a maximum shift duration of 12 hours, a maximum working week of 48 hours and a maximum of 768 hours worked per 16 weeks. The Ministry for Social Affairs and Employment passed a decree in late 2005 stating that employees also performing on-call shifts may choose to opt out of existing rules and work up to 60 hours a week. The hours worked per week are then averaged over a 26-week period, rather than the 13 weeks at present.
NIGHT HOURS	Between midnight and 6 am.
WORKING REST DAY	Sunday, unless the worker has expressly agreed to work. If work is conducted on Sundays, the worker must be given at least four Sundays off in any 13-week period.
RETIREMENT AGE	67 years
CHILD LABOUR AND MINIMUM AGE FOR EMPLOYMENT	16 years
INFORMAL LABOUR MARKET	The market is fairly developed, there is no official estimate available.

THE COST OF LABOUR PAY

MINIMUM WAGE	EUR 1,615,80 per month (source: the Dutch Government, 2019).
AVERAGE WAGE	Gross average monthly wage of men: EUR 2,500 ; Gross average monthly wage of women: EUR 2.316.
OTHER FORMS OF PAY	
PAY FOR OVERTIME	Overtime in most industries receives a 25% premium for the first two hours, 50% for subsequent hours, 75% for Saturdays and 100% for Sundays and holidays.
PAY FOR REST DAYS WORKED	Around the 50% in most industries.
PAY FOR NIGHT HOURS	Night-shift workers are entitled to a +/- 10–15% premium.
PAY FOR OVERTIME AT NIGHT	Overtime in night duty is allowed, but then a shift may not last more than nine hours.

The maximum number of nights worked may not exceed ten over a four-week period.

SOCIAL SECURITY COSTS

THE AREAS COVERED CONTRIBUTIONS Social security, health, disability, unemployment
Contributions Paid By the Employer:

For the breakdown of each insurance act, please visit the .

SOCIAL SECURITY ACT	CONTRIBUTION RATE FOR EMPLOYERS (%)	MAX INCOME (EUR)	MAX CONTRIBUTION (EUR)
National Insurance	0		
Employee Insurance	11.15	51,976	5,795 per employee
Health Insurance	6.95 (or 4.85 for self-employed)	51,976	3,613 per employee

Contributions Paid By the Employee: Social security in the Netherlands can be classified into 3 categories: National Insurance (for all Dutch residents and non-tax deductible), Employee Insurance and Health Insurance. For the breakdown of each insurance act, please visit the competent organization Social Insurance Agency.

SOCIAL SECURITY ACT	CONTRIBUTION RATE FOR EMPLOYEES (%)	MAX CONTRIBUTION (EUR)
National Insurance	28.15	8,277
Employee Insurance	0	
Health Insurance	Individual health insurance policy mandatory for all individuals socially insured by the Government; rates vary according to the insurance company	1,586 (average)

MANAGEMENT OF HUMAN RESOURCES

RECRUITMENT

METHOD OF RECRUITMENT

Usually an advertisement is placed in a paper or magazine. Aspiring candidates send their CV accompanied by a letter after which a number of candidates are selected for an interview. Recruitment by means of a headhunter and the internet are becoming more popular.

RECRUITMENT AGENCIES

- Public Employment Offices
- Private Employment Agencies - Labor Dispatch Business.

RECRUITMENT WEBSITES

[The public employment office of the Dutch Government](#)
[Digital recruitment ground for both employers and employees](#)
[A private recruitment agency](#)
[Career-jet.nl](#)
[Sam Headhunting](#)
[Labour dispatch company](#)
[Labour dispatch company](#)

THE CONTRACT

TYPE OF CONTRACT

Regulated by legal clauses and to a lesser degree by collective agreements and individual negotiations. The terms of employment contracts cannot be changed, the conditions for hiring and the grounds for dismissal are rather rigid.

BREACH OF CONTRACTS

Normal resignation (once the employee becomes 65) or resignation by agreement or by the employee's request.

RETIREMENT

An employee can only be fired if the government agrees with the decision. Valid reasons for firing someone can be:

DISMISSALS

- That the employee is incapable of executing his tasks;
- a vexed relation between employer and employee;
- when the employee is ill too often;
- when the employee is incapacitated for work.

OTHER POSSIBLE METHODS

Collective dismissals (possible for economic reasons)
Disciplinary dismissals
Resignation

LABOUR LAWS

[Dutch Ministry of Social Affairs and Employment](#)
[Consult Doing Business Website](#), to obtain a summary of the labour regulations that apply to local enterprises.

DISPUTE SETTLEMENT CONCILIATION PROCESS

CASES OF DISPUTE The employee was incapable (23%), the business is doing bad (21%), a vexed relation between employer and employee (17%), the employee is incapacitated for work (16%).

LEGAL FRAMEWORK

Companies must notify local labor offices and trade unions before dismissing any worker. Only with agreement from the labor office (via a permit) may a firm dismiss workers. The head of the local labor office looks at the circumstances and decides whether to grant a permit.

An employer can appeal against a negative ruling by a labor office to a civil court. The criteria used by the labor office (and by the civil court on appeal) are based on recent court rulings and provisions of the Dutch civil code. A dismissal is usually considered unjustified if the consequences for the employee outweigh those for the employer, if no reason for the dismissal is given, or if the dismissal runs counter to current practice or agreement in that industry or company.

PROCEDURE

Termination of employment in the Netherlands is governed by the Civil Code (CC), the Extraordinary Labor Relations Decree (ELRD), the Dismissal Decree (DD) and the Collective Redundancy (Notification) Act (CRNA).

In cases where the law remains silent, or where its regulations are not mandatory, collective labor agreements may also constitute a source of law. Some subsections of the CC stipulate that departure from the main principle is allowed, but only under a collective agreement or an arrangement made by or on behalf of a competent public body.

Additional information can be found [the website of The international labor Organization](#).

INVESTING

FDI IN FIGURES

In the [UNCTAD 2017 World Investment Report](#), the Netherlands is ranked fifth in the global ranking of countries receiving the most FDI influx. The country is also the third global investor (in terms of investment flows) behind the U.S. and China. Dutch investment policy is characterised by a strong international orientation and a liberal policy towards foreign investment. Many Dutch companies are multinational by nature and some of these are listed on foreign stock markets. Moreover, there are no regulatory restrictions on foreign direct investment into the Netherlands. Many of these investments are considered to be high-risk, high-yield.

In 2016, FDI influx to the Netherlands rose from USD 68.7 billion the previous year to USD 91.9 billion.

FOREIGN DIRECT INVESTMENT	2015	2016
FDI Inward Flow (million USD)	68,751	91,956
FDI Stock (million USD)	719,427	801,136
Number of Greenfield Investments***	241	199
FDI Inwards (in % of GFCF****)	47.1	60.1
FDI Stock (in % of GDP)	95.8	103.9

SOURCE unctad, Latest available data.

Note: * The UNCTAD Inward FDI Performance Index is Based on a Ratio of the Country's Share in Global FDI Inflows and its Share in Global GDP. ** The UNCTAD Inward FDI Potential Index is Based on 12 Economic and Structural Variables Such as GDP, Foreign Trade, FDI, Infrastructures, Energy Use, R&D, Education, Country Risk. *** Green

Field Investments Are a Form of Foreign Direct Investment Where a Parent Company Starts a New Venture in a

Foreign Country By Constructing New Operational Facilities From the Ground Up. **** Gross Fixed Capital Formation (GFCF) Measures the Value of Additions to Fixed Assets Purchased By Business, Government and Households Less Disposals of Fixed Assets Sold Off or Scrapped.

Form of Company N. V. (Public Limited Liability Company)
Preferred By Foreign Investors

Form of Establishment Company
Preferred By Foreign Investors

Main Foreign Companies National Foreign Investment Agency has stories and names on their [website](#).

Sources of Statistics [Dutch Statistics Agency](#)
[Dutch National Bank](#)

WHY YOU SHOULD CHOOSE TO INVEST IN THE NETHERLANDS

STRONG POINTS The country's strengths are its highly developed communication and transport infrastructures, a skilled, productive and multilingual labour force, a strategic geographical location which is a gateway towards major European markets, a stable political and macro-economic environment and a very developed financial sector.

WEAK POINTS The country's weak points are the high cost of labour, the limited domestic market, relatively complicated legislation, a cumbersome administrative system and a limited road infrastructure.

GOVERNMENT MEASURES TO MOTIVATE OR RESTRICT FDI The Dutch economy is amongst the most open in the world. Since January 2007, the Dutch taxation environment for international companies has become even more attractive. The company taxation rate has dropped well below the European Union average. These government measures can be referred to in the [Netherlands Foreign Investment Agency website](#).

PROTECTION OF FOREIGN INVESTMENT

BILATERAL INVESTMENT CONVENTIONS SIGNED BY THE NETHERLANDS The Netherlands has signed IBOs with a large number of countries. You can consult [the list](#) on the UNCTAD's website.

INTERNATIONAL CONTROVERSIES REGISTERED BY UNCTAD The Netherlands has not been involved in any case of disagreement concerning foreign investment up to now.

ORGANIZATIONS OFFERING THEIR ASSISTANCE IN CASE OF DISAGREEMENT [ICCWBO](#) , International court of arbitration, International chamber of commerce
[WTO](#) , World Trade Organization.

MEMBER OF THE MULTILATERAL INVESTMENT GUARANTEE AGENCY The Netherlands has been a member since its creation.

COUNTRY COMPARISON FOR THE PROTECTION OF INVESTORS

	NETHERLANDS
Index of Transaction Transparency*	4.0
Index of Manager's Responsibility**	4.0
Index of Shareholders' Power***	7.0
Index of Investor Protection****	5.7

SOURCE: Doing Business - Latest available data.

Note: *The Greater the Index, the More Transparent the Conditions of Transactions. **The Greater the Index, the More the Manager is Personally Responsible. *** The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action. **** The Greater the Index, the Higher the Level of Investor Protection.

PROCEDURES RELATIVE TO FOREIGN INVESTMENT

FREEDOM OF ESTABLISHMENT Guaranteed.

ACQUISITION OF HOLDINGS A majority holding interest in the capital of a Dutch company is legal. Certain sectors such as telecommunications, banking and insurance require the granting of an authorisation.

OBLIGATION TO DECLARE No specific text of law regulates foreign direct investments. Their regime is adjusted the refine applied for national investments.

COMPETENT ORGANISATION FOR THE DECLARATION [Dutch Ministry of Finance](#)

REQUESTS FOR SPECIFIC AUTHORISATIONS Not needed.

OFFICE REAL ESTATE AND LAND OWNERSHIP

POSSIBLE TEMPORARY SOLUTIONS

Companies are ensured a wide selection of prime office space to rent or purchase. Over the last few years, prices have declined to a constant level while total available office space has increased to 5.8 million square meters at the end of 2004. This positive supply and demand dynamic is why the Netherlands ranks above most other EU nations for availability of prime, affordable office space.

With this high availability also comes greater flexibility in terms of negotiating lease terms, contract length and more. From high-rise and historic reconstruction in center city and urban environments to business parks and complexes in more suburban environments, the Netherlands offers you many location choices.

In addition, the Netherlands has fully furnished and equipped business support centers available for rent, enabling new companies to hit the ground running with minimal start-up costs. Office space in these centers may be rented by the hour, day, month, year or longer.

THE POSSIBILITY OF BUYING LAND AND INDUSTRIAL AND COMMERCIAL

Yes

BUILDINGS RISK OF EXPROPRIATION

Expropriation would only take place in case of public interest and with adequate compensation. Up until now there have been no expropriations recorded.

INVESTMENT AID FORMS OF AID

Concerning new businesses and investment incentives, investors can contact the [Netherlands Foreign Investment Agency \(NFIA\)](#) and the [Netherlands Foreign Trade Agency](#).

PRIVILEGED DOMAINS

Zones that are attractive to invest are the computer software, computer industries, chemicals, security equipment, medical equipment and pollution control (equipment) among others.

Laws and regulations that affect FDI apply equally to foreign and domestic companies.

PRIVILEGED GEOGRAPHICAL ZONES FREE ZONES

Randstad area is the most interesting to invest in due to its location (near Schiphol Airport and the Rotterdam Port)
None.

ORGANIZATIONS WHICH FINANCE

The [Dutch national bank](#) and the [European bank](#) loan at favorable rates.

INVESTMENT OPPORTUNITIES

THE KEY SECTORS OF THE NATIONAL ECONOMY Agro industries, metal and engineering products, electrical machinery and equipment, chemicals, petroleum, construction, microelectronics and fishing.

HIGH POTENTIAL SECTORS Computer software, computer services, automotive parts and accessories, seaport & airport security equipment and systems, transport and distribution services, aircraft parts and associated equipment, medical equipment and supplies and pollution control equipment.

PRIVATIZATION PROGRAMMES The energy and post market are in the process of privatization.

TENDERS, PROJECTS AND PUBLIC PROCUREMENT [EBP](#), [Tenders and Projects in Netherlands](#)
[Tenders Info](#), [Tenders in Netherlands](#)
[Ted - Tenders Electronic daily](#), [Business opportunities in EU 27](#)
[DgMarket](#), [Tenders Worldwide](#)

SECTORS WHERE INVESTMENT OPPORTUNITIES ARE FEWER

Monopolistic Sectors Gambling industry

Sectors in Decline Agriculture and fishery

FINDING ASSISTANCE FOR FURTHER INFORMATION

Investment Aid Agency [Netherlands Foreign Investment Agency](#)
[Netherlands Foreign Trade Agency](#)

Last Updates: February 20 19