



## Investing in the Netherlands



Since Britain voted in June 2016 to leave the EU, many Irish companies are looking to the Netherlands as a viable alternative to gain a foothold into the EU post-Brexit.

Ranked the most competitive EU country in the latest World Economic Forum Global Competitiveness Report, the Netherlands is an impressive business destination. Dutch people have an impressive grasp of the English language and have an open-mindedness to foreigners with a strong expat community in existence.

It is easy to establish your business in the Netherlands – a public notary can incorporate a Dutch entity within a day. We outline here some of the specifics that make the Netherlands an attractive investment location.

**John Byrne**, Tax Partner, Crowe Horwath Ireland  
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### 5 reasons to invest in the Netherlands



#### Location

Being on the continent, close to Europe's 500 million consumers, and not an island is an advantage.



#### Strong infrastructure

With a world-class airport, top-ranked seaports and high-speed road, rail and broadband networks, the Netherlands is well connected to the rest of Europe and beyond.



#### Fluent in English

Some 90% of Dutch speak English – the language of business worldwide – and many people are multilingual.



#### A strong business climate

Ranked the fourth-most competitive country in the 2017/18 World Economic Forum Global Competitiveness Report, the Netherlands has attracted many global organisations to invest, such as Google, BP, GlaxoSmithKline, Vodafone, Tata, CRH, Mitsubishi, to name but a few.



#### Incentives and supports

A cooperative government eager to roll out the orange carpet for foreign companies coming to the Netherlands.

# The Netherland's business advantages



## Strategic location

The Netherlands provides access to 95% of Europe's most lucrative consumer markets within 24 hours of Amsterdam or Rotterdam.

## International business climate

Ranked no. 1 on DHL's Global Connectedness Index, the Netherlands has a competitive international climate and is home to 8,000+ foreign companies. In fact, 50% of Dutch GDP is derived internationally.

## Creative & innovative environment

Ranked no. 5 in the EU on the 2016 European Innovation Scoreboard, the Netherlands is home to an attractive test market, adaptive consumers and an open culture. As one of the world's most multicultural hubs for creative talent, Holland is a great place to bring ideas to life.

## Quality of life

Ranked as the sixth happiest place on earth by the World Happiness Report, the Netherlands has a high standard of living with a lower cost of living than most European countries.

## Expat tax regime

The Netherlands has a special tax regime for expats – the 30% ruling – which provides a substantial income-tax exemption (up to 30%) for a period of up to 96 months. The employer may also reimburse certain costs tax-free, including international school fees, relocation expenses and moving allowance up to a certain amount. This is viewed as a reimbursement of the extra costs that come with living abroad.

## Highly educated, multilingual workforce

A model of efficiency and dedication, Holland's highly educated workforce sets the pace for European productivity in a wide range of capabilities. Plus, 90% of Dutch are fluent in English – the lingua franca of international business, science and technology.



## Superior infrastructure

Ranked no. 2 in the world for overall logistics performance, the Netherlands is home to world-class seaports, centrally located airports, an extensive network of roads and highways and the second highest quality broadband network in Europe.

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*“We take great pleasure in assisting and guiding foreign companies setting up in the Netherlands. With our contacts and experience we make it easy for Irish entities to successfully do business in the Netherlands.”*

– Hugo Everaerd, International Tax Partner, Crowe Horwath Foederer.

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## A competitive fiscal climate

With a competitive statutory corporate income tax rate in Europe – 20% on the first €200,000 taxable profit and 25% above that (rising to €250,000 in 2018) – the Dutch tax system has a number of attractive features for international companies:

- A wide network of nearly 100 bilateral tax treaties to avoid double taxation and to provide, in many cases, reduced or no withholding tax on dividends, interest and royalties
- Clarity and certainty in advance on the tax consequences of proposed major investments in the Netherlands
- A broad participation exemption (100% exemption for qualifying dividends and capital gains), which is vital for European headquarters
- An efficient fiscal unity regime, providing tax consolidation for Dutch activities within a corporate group
- No statutory withholding tax on outgoing interest and royalty payments
- Favourable expat tax program with a 30% personal tax income advantage for qualified, skilled foreign employees

## Supportive R&D incentives

The Netherlands actively promotes engaging in research and development activities through a favourable corporate tax system and specific R&D tax incentives that support innovation throughout the entire R&D lifecycle. The following measures may significantly lower company R&D cost and taxable base.

### Allowance for Top Syndicates for Knowledge Innovation (TKIs)

The TKI is a partnership between public entities and private parties or investors. Cash grants of 40% are available on the private investment costs for the first €20,000 and 25% for the excess. In order to receive TKI allowance, the cash grant has to be invested in the R&D project of the partnership.

### Innovation Credit

Innovation Credit is a risk-bearing loan from the government, intended for the development phase of a technically new product, process or service, including development of medical products that require a clinical study. Funding may vary from 25% (large companies) to 45% (SMEs) of relevant project costs, to a maximum of €10 million, with the remainder being financed by the company's own resources.

### Innovation Box

Companies may benefit from an effective tax rate of only 5% for income from intangible assets – including technological innovations – created by the Dutch taxpayer and for which R&D tax credit was received.

### R&D Tax Credit (WBSO)

Companies performing particular R&D activities may benefit from a 32% tax credit (up to 40% for startups) of the first €350,000 in R&D wage costs and other R&D expenses and investments, and 16% for those costs and investments exceeding €350,000.

## Next steps

If you are interested in exploring the opportunity to establish your business in the Netherlands, we can help. Talk to a member of our tax team to discuss the next steps.

We work closely with our colleagues in Crowe Horwath Foederer to help assist Irish companies to invest into the Netherlands, advising on the best company structure and helping with bookkeeping, payroll, VAT, CIT (compliance and advisory), annual accounts, audit, pensions/employee benefits, corporate finance and more.

## About Crowe Horwath Ireland

Established in 1941, Crowe Horwath is a leading accountancy and business advisory firm in Ireland. We work with a variety of national and international clients across commercial and public sectors.

Throughout our 75-year history, we have developed an unrivalled understanding of the Irish business environment and built a national reputation in auditing, tax and business consultancy.

Crowe Horwath Ireland and Crowe Horwath Foederer are members of Crowe Horwath International, the eighth-largest accountancy network in the world, with colleagues in over 750 offices across 130 countries.

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## About Crowe Horwath Foederer

Crowe Horwath Foederer is a top-20 firm of approximately 400 accountants, tax specialists and consultants with eight offices throughout the Netherlands. We are a full-service accountancy and advisory firm with vast experience in assisting foreign businesses with setting up a Dutch foothold.

We aim to serve you with the highest standards of quality combined with a personal relationship. We have excellent contacts with the Netherlands Foreign Investment Agency, Amsterdam In Business, recruiters and law firms, all of the important players to help you get set up, and we can assist with the ongoing management of operations, transactions and investment in the Netherlands.

### Contact

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