

The Dutch B.V. in a glance

Netherlands has more than 85 double tax treaties which combined with its holding company tax regime makes it an attractive international jurisdiction for International Business Companies. The most highly demanded legal entity is the Dutch BV.

A BV may be incorporated by one or more 'incorporators', being either individuals and/or legal entities. Their nationality is irrelevant. One single individual or entity alone, whether Dutch or foreign, may be the only incorporator and full Board of Management at the same time; no Secretary is needed. If there is only one shareholder, this fact will not entail personal liability, but his name will be registered as such in the Certificates of Registration of the BV issued by the Trade Register. Each Incorporator shall contribute to the initial capital for a certain number of shares; at least 20% of each contribution must be paid upon incorporation. No share certificates may be issued; shareholdings are registered in the shareholders register that must be kept in the office of the company.

A certificate of no objection must be obtained from the Ministry of Justice upon presentation of full details of the incorporators and directors with a letter of recommendation; thereafter the deed of incorporation will be executed before a public notary and filed at the Trade Register. The official deed of incorporation shall be in Dutch; it contains firstly (personal) details of the Incorporator(s) and the initial Member(s) of the Board, as well as the amounts of their participation(s) and payment(s) to the initial capital. Furthermore, the deed contains the Articles of Association, consisting of at least the Company name, the city where the company shall have its registered seat, the object of the company, the authorised capital in Euro and its division in shares, as well as the conditions for share transfer. The authorised capital is the maximum capital that may subsequently be issued without altering the Articles of Association; it may amount to a maximum of five times the initial capital.

The minimum capital to be paid up initially is € 18,000. Except in case of contributions in kind, the initial capital must be deposited with a bank in Western Europe prior to incorporation (preferably a bank registered in The Netherlands). This capital is an "investment" in the company. You can use it to do business or lend it out to another company.

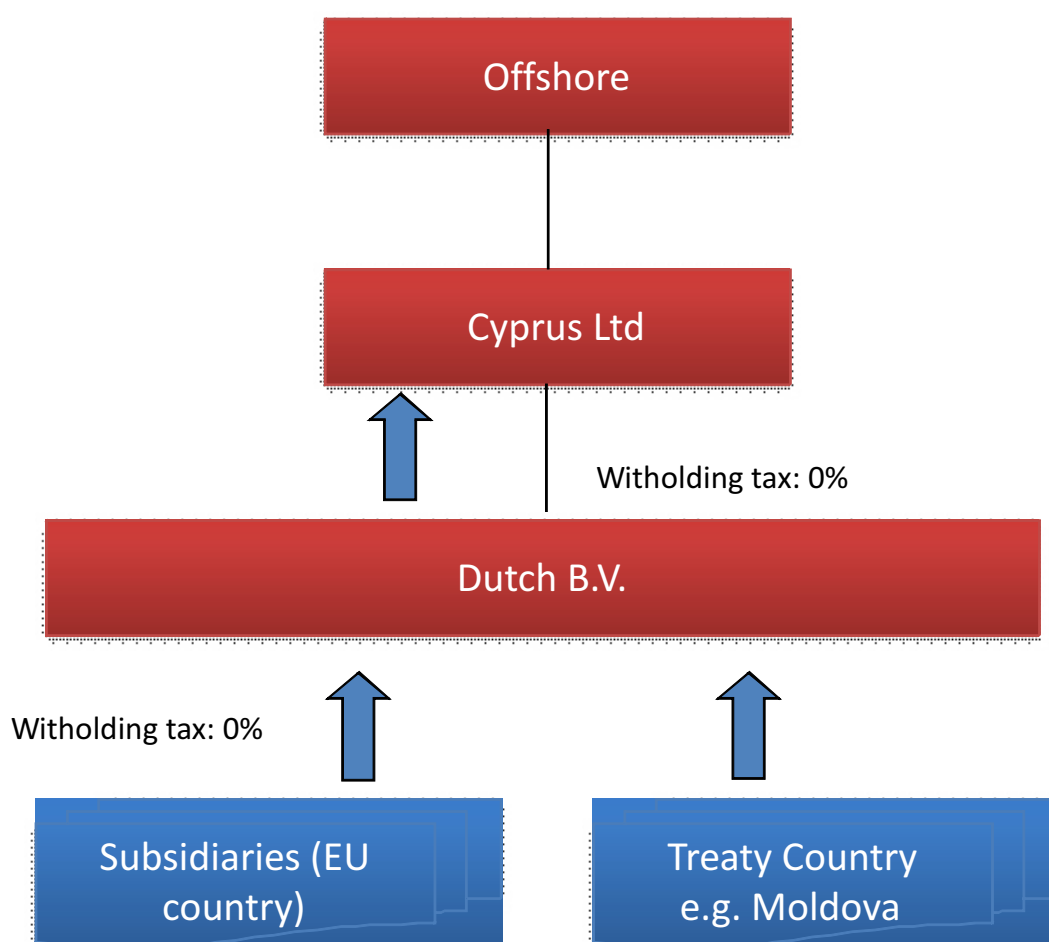
The issuance and transfer of registered shares or the transfer of a restricted right to the shares (for instance, a pledge) must take place by means of a notaries deed drawn up before a civil-law notary authorized to practice in the Netherlands.

The Management Board has unlimited powers to act for the company, as do the individual Board Members unless restricted by the Articles of Association. The only restriction allowed, however, is to require joint signatures.

The annual accounts of the B.V. have to be published at the Trade Register. The time to set up a B.V. varies from three weeks up to three months, depending on the information required from the shareholders.

Aspects of Tax System

- Corporate tax rate 20-25,5%
- Participation exemption for dividends (meaning that dividend income received is tax exempt if there is min 5% participation in the subsidiary company and min holding period of 12 months)
- No capital gains tax on sale of shares if there is a min of 5% shareholding
- No Withholding Tax on distribution of dividends for BV to another EU Company such as Cyprus as the parent subsidiary directive applies.
- However if dividend is paid to offshore companies then there's high withholding tax; this can be avoided by using as shareholder's of the BV a Cyprus Company. Cyprus does not impose any withholding tax on dividend paid to non Cyprus residents, see structure below:



News

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