

Private Companies: **THE NETHERLANDS**



- ✓ Registration
- ✓ Bank accounts
- ✓ Annual maintenance

The Netherlands: main advantages

✓ Reputable EU jurisdiction for international operations:

- the wide network of Double Tax Treaties;
- capital gain tax exemption (under certain conditions);
- no withholding tax on interest;
- no withholding tax on royalties;
- no withholding tax on dividends (under certain conditions).

✓ **Stable tax system:** previously obtained conclusion from tax authority on corporate taxation scheme is binding in taxation and is valid for several years.

✓ **High quality of financial services:** commercial banks have a reputation of a reliable partners, and the banking system as a whole has a high potential of creditworthiness .

✓ **No exchange controls** under certain formal requirements of the regulator.

Dutch company can be an effective tool for:

- business structuring and asset protection as a **holding company**;
- royalty payments to non-residents as a **transit licensing company**;
- interest payments to non-residents as a **transit finance company**.

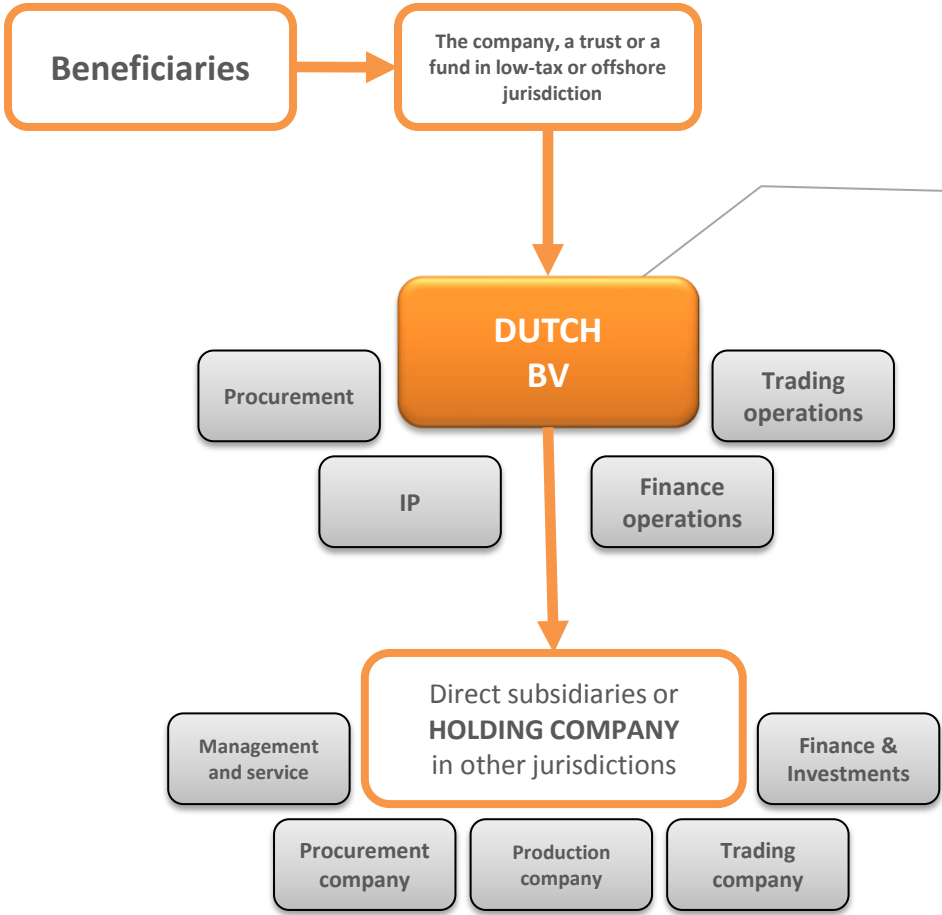
The Netherlands: new corporate regulation

✓ In June 2012, the Parliament of the Netherlands passed a law (the so-called Flex BV Act), significantly modifies the *regulation of private limited companies - the most common form of legal entity*: **Besloten Vennootschappen (BV)**

- ✓ Eliminating certain regulatory requirements and restrictions, which allowed to make Articles of association in accordance with the wishes of the shareholders, as well as:
- *Abolished of mandatory issue of shares worth at least 18,000 EUR during the registration of the company and the requirements of the relevant extract from the bank;*
 - *Abolished the most of restrictions on share transfer unless otherwise stated in the Charter of the company;*
 - *Simplified rules for the profit distribution to shareholders of the company;*
 - *New classes of shares have been introduced - without the vote right, with no right to dividends, with the right to be elected to the board of directors, with different number of votes within the same nominal share, and others;*
 - *Simplified and accelerated the procedure for resolution of disputes between the shareholders.*

Dutch company (BV) became even more convenient and affordable tool for
asset ownership and business management

Holding Company Structure Example: Dutch BV as a key element



- ✓ Formalization of the **ownership relations** with respect to the present and future relations of shareholders in a secure jurisdiction.
- ✓ Unified **management and control** for business units according to the degree of independence of each business units.
- ✓ The **optimal cash flow structure** by generating different profit, cost and investment centers.
- ✓ **Transparency and investment attractiveness**, the possibility of rapid sale of the business units to other investors.
- ✓ **Asset protection** from the actions of creditors, individual shareholders, unsubstantiated claims of tax and law enforcement authorities
- ✓ **Tax planning and optimization**, increasing the **efficiency of business** in general.

Dutch BV: basic requirements, specifications and documents

Type of company:	private company with liability limited by shares
Business name requirement:	Latin alphabet, must end with abbreviation BV - an indication of the legal form
Minimum legal share capital:	not defined
Bearer shares:	not allowed
Minimum number of shareholders:	one; there are no residency requirements; information about shareholders > 2 is not a public
Minimum number of directors:	one; corporate directors are permitted, the secretary is not required
Registered Address:	must be located in the Netherlands
Corporate Tax:	20% if the taxable income < 200 000 EUR; 25% if the taxable income > 200 000 EUR
Features of taxation and advantages:	income from participation in the capital of other companies (dividends, capital gains) may be exempt from income tax under certain conditions. No withholding tax on interest and royalties
Documents and information for the nat. person required to register a company and open a bank account:	Legalized copy of passport, proof of residential address (utility bill), the original bank reference letter, source of wealth description, marital status, occupation, phone, fax and e-mail, information on anticipated activities of Dutch company, completed and signed application form
A set of documents for registered company:	Extract from the register of the Chamber of Commerce, Charter And Articles of Association of the company
Bank account:	Preparation of documents for opening bank account with ING Bank NV is carried out after the completion of the company registration procedure. Minimum bank account balance - 2000 EUR

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