



Use Economic Presence rules for growth.

January 14, 2021

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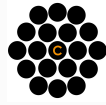
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For some investors and groups, Dutch and other Holding companies are mere conduits to obtain tax savings. For others, such entities serve a wider purpose.

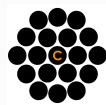
Traditionally, the first group are using brass plated legal vehicles to claim tax treaty benefits. Thin on genuine economic presence, this group debates and litigates on minimum substance requirements. In fairness most of these challenges were ruled in favor of minimal substance requirements.

In 2008 the tide turned; G-20 empowered OECD changed the rules of the game. Primary purpose testing, anti-tax avoidance

measures, mandatory disclosures of tax planning are becoming the norm. Politicians, certainly in the Netherlands, are tightening the screws on “substance-less structures [brievenbus firma's]”.



Dutch political will is about compliance with tax rules transformation.



To claim entitlement to tax treaties, Holding BV's require qualified and properly authorized staff in the Netherlands. Teams should be carrying out pertinent holding functions and company operations. The office space, paper trail, phone bills, board resolutions, calendars etc. ought to demonstrate investment oversight, asset management, monetary and people decisions are actually conducted in Holland. Then participation exemption applies on dividends and capital gains on share sales. Reduced withholding taxes are enjoyed on dividends, interest, royalties and service fees. Payment of salaries to expats may benefit from reduced personal income tax and social charges (30% ruling). Dutch dividend withholding tax exemption may also apply. And on it goes with the perks.

Dutch political will is clear about compliance with tax rules transformation. Proposals are floated for entity relocation charges, withholding tax on dividends to low taxed entities/countries, denying substance-less holdings the participation exemption and so forth. Holland ratified the MLI and its tax treaty network will change gradually. Primary purposes testing, DAC6 compliance, CbCR and CRS reporting are adhered to. The trust industry is under stricter central monitoring.

It is common sense to exit the minimal substance debating society and seek out benefits from compliance burdens. We propose to grow your businesses from using forces of transformation for the bottom line, people engagement and entrepreneurial spirit. Would transfer of staff to Holding BV give benefits to management effectiveness? Could certain functions be moved to Holland and improve efficiencies? Would the decision making matrix benefit from an overhaul and could Holding BV's statutory requirements be pivotal?

At CableRoad we experienced, leaving the debating culture, leads to opportunities. We invite you to join us in growth through compliance.

We are just a call or an email away:

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