



ATLAS  
BY BNP PARIBAS

## CASH MANAGEMENT

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**BNP PARIBAS**

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The Netherlands is a small, densely populated country, with 504 persons per km<sup>2</sup>. Only 50% of its territory is more than one metre above sea level. It is among the richest countries in the world, with GDP per capita more than 50% above the EU average. The country benefits from a favourable geographical location, being at the centre of Europe's wealthiest region. Trade is crucial for the Netherlands. The seaport of Rotterdam is the largest in Europe and Schiphol International Airport is the third busiest airport in Europe, both in passenger terms and cargo volume. Exports of goods and services made up more than 80% of GDP in 2019. However, due to the large share of re-exports, the contribution of exports to GDP is limited to around 30%.

The importance of industrial activity has declined. In 2000, the manufacturing sector accounted for 15% of value added. By 2020, its share had declined to about 12%. Gas exploration has substantially declined due to production limitations after a series of mini-earthquakes in Groningen. The share of the mining sector in GDP declined to less than 0.5% in 2020 compared with 3.8% in 2008. By contrast, the share of public sector, including education and health, increased to 22% in 2018, a gain of 4 percentage points since 2000.

As an open economy, the Netherlands has responded well to the challenges of globalisation. More than 20% of employees have flexible working arrangements, which is among the highest in the EU. A third of these are on-call employees. As a result, the unemployment rate, at 3.4% in 2019, is one of the lowest in the EU.

Thanks to its favourable fiscal environment and excellent infrastructure, the Netherlands is home to many multinational corporations. It is also an important financial centre. Since Brexit, Amsterdam has ousted London as Europe's top share trading hub. The banking sector had accumulated assets of 340% of GDP by end 2020, while private pension fund assets were worth around 215% of GDP, the highest in the OECD. Almost all pension funds have funding ratios between 105% and 135%.

Since October 2017, the country has been governed by a centre-right coalition, consisting of the business-friendly liberal VVD party, the progressive liberal D66 party and the Christian democratic parties, CDA and Christian Union. Mark Rutte (VVD) is Prime Minister, a position that he has held since 2010 in three different coalition governments. In January 2021, the government resigned over a childcare subsidies scandal, but continued to run the affairs in a caretaker capacity. The general election held in March 2021 were won by the liberal parties VVD and D66. However, these parties have failed until now to form a coalition that has a majority in the second chamber of parliament.

## Summary

## BNP Paribas presence

The Netherlands is a major market for BNP Paribas and the bank provides a comprehensive range of services to institutional customers including instant payments. BNP Paribas' corporate and financial institution customers are supported from three business centres in Amsterdam, Rotterdam and

Eindhoven. Amsterdam is BNP Paribas' largest [cash concentration](#) hub in Europe, leveraging the right of set-off permitted under Dutch law.

## Currency

## Currency

- Euro (EUR).

## Exchange rates

	2016	2017	2018	2019	2020
Exchange rate: EUR per USD	0.9040	0.8873	0.847	0.893	0.88

Source: IMF, International Financial Statistics, July 2021.

## Central Bank

- The Dutch central bank is De Nederlandsche Bank (DNB – [www.dnb.nl](http://www.dnb.nl)).
- The DNB is a member of the European System of Central Banks (ESCB) and operates certain activities, such as issuing currency, under the authority of the European Central Bank (ECB – [www.ecb.europa.eu](http://www.ecb.europa.eu)).

### Bank supervision

- In November 2014, the ECB, via the Single Supervisory Mechanism (SSM), assumed responsibility for supervising the financial stability of banks operating within the euro zone. However, while the ECB has final supervisory authority over all banks operating within the euro zone, it will only directly supervise those banks classified as 'significant' under the terms of the SSM (115 significant banking groups have been recognized to date). 'Less significant' banks will continue to be supervised by the national supervisory authority, i.e. the Netherlands Authority for the Financial Markets (De Autoriteit Financiële Markten (AFM – [www.afm.nl](http://www.afm.nl))).



## Bank accounts

### Resident / non-resident status

- A company is generally considered resident in the Netherlands if its place of effective management is located there or it is incorporated under Dutch law.

### Bank accounts for resident entities

	Within NETHERLANDS	Outside NETHERLANDS
Local Currency	Permitted without restriction, fully convertible	Permitted without restriction, fully convertible
Foreign Currency	Permitted without restriction, fully convertible	Permitted without restriction, fully convertible

### Bank accounts for non-resident entities

	Within NETHERLANDS	Outside NETHERLANDS
Local Currency	Permitted without restriction, fully convertible	Permitted without restriction, fully convertible
Foreign Currency	Permitted without restriction, fully convertible	Not applicable

### Lifting fees

- Lifting fees are not applied on payments between resident and non-resident accounts

## BNP Paribas Cash Management Capabilities

### Collections

Cash collections	✓
Cheque collections	✓
Direct debit collections	✓
Domestic incoming transfers	✓
Virtual IBAN	✓
Virtual accounts	✓
International incoming transfers	✓
Card acquiring	✓

## Payments

Cash withdrawals	✓
Cheque payments	●
Direct debit payments	✓
Domestic outgoing transfers	✓
Commercial cards	●
Virtual cards	✓
International outgoing transfers	✓
SWIFT gpi	✓
Real-time international payments through BNP Paribas' network	●
Card issuing	✓

## Channels

Local e-Banking	✓
Global e-Banking - Connexis	✓
SWIFT/ host to host	✓

## Payments & collections

### Market overview

Electronic credit transfers are the most commonly used payment instruments by companies to make supplier, payroll and tax payments. Card payments, especially debit card payments, are increasing, aided by the high level of adoption of contactless payments: the share of contactless payments using payment cards had increased to 85% by end 2020. Digital and mobile payments are also increasing in popularity.

Electronic banking services are available from all banks. There is no national electronic banking standard in the Netherlands, so companies use banks' proprietary services. Multinational companies also use the SWIFT for Corporates messaging standards. Transaction and balance reporting, automated end-of-day sweeping, and transaction initiation services are available on a domestic and cross-border basis.

The online SEPA-compliant iDEAL application is offered by the leading Dutch banks for secure purchases via credit transfer. It is available in all mobile banking apps. In 2020, there were 890 million transactions via iDEAL (667 million 2019), with a value of EUR 70 billion (EUR 53.4 billion 2019).

Mobile and internet banking services are provided by Netherlands's leading banks. In 2020, there were 519 million mobile banking transactions (643 million in 2019), with a value of EUR 232 billion (EUR 201 billion 2019). There were 511 million internet banking transactions (465 million in 2019), with a value of EUR 2.33 billion (1.84 billion 2019).

## Payment Systems

<a href="#">TARGET2</a> NL	TYPE	<ul style="list-style-type: none"> <li>• Real-time gross settlement.</li> <li>• Dutch component of the pan-European <a href="#">TARGET2</a> system.</li> </ul>
	PARTICIPANTS	<ul style="list-style-type: none"> <li>• 55 direct, 12 indirect.</li> </ul>
	TRANSACTION TYPES PROCESSED	<ul style="list-style-type: none"> <li>• High-value and urgent EUR-denominated domestic and cross-border credit transfers.</li> <li>• Net obligations from equensWorldline CSS.</li> </ul>
	OPERATING HOURS	<ul style="list-style-type: none"> <li>• 07:00 -18:00 CET, Monday to Friday.</li> </ul>
	CLEARING CYCLE DETAILS (eg cut off times)	<ul style="list-style-type: none"> <li>• Payments are cleared and settled in real time.</li> <li>• Interbank payment cut-off time = 18:00 CET.</li> </ul>
	SYSTEM HOLIDAYS	<ul style="list-style-type: none"> <li>• <a href="#">TARGET2</a> is closed at weekends and on 1 January, Good Friday, Easter Monday, 1 May, and 25 and 26 December.</li> </ul>
equensWorldline CSS	TYPE	<ul style="list-style-type: none"> <li>• Multilateral <a href="#">net settlement system</a>.</li> </ul>
	PARTICIPANTS	<ul style="list-style-type: none"> <li>• 25 direct.</li> </ul>
	TRANSACTION TYPES PROCESSED	<ul style="list-style-type: none"> <li>• <a href="#">SEPA</a> payments (credit transfers and direct debits).</li> <li>• Payment card transactions.</li> <li>• Niche payment instruments: IBAN-Acceptgiros and TNS credit transfers.</li> </ul>
	OPERATING HOURS	<ul style="list-style-type: none"> <li>• 07:00-17:00 CET, Monday to Friday.</li> </ul>
	CLEARING CYCLE (eg cut-off times)	<ul style="list-style-type: none"> <li>• 07:30–17:00 CET: settlement is every 30 minutes via TARGET2 SSP.</li> <li>• Cut-off time for same-day settlement = 15:30 CET.</li> </ul>
	SYSTEM HOLIDAYS	<ul style="list-style-type: none"> <li>• equensWorldwide CSS is closed on all TARGET2 holidays.</li> </ul>

## Credit transfers

- Credit transfers are used by companies to pay salaries and suppliers, and to make tax and treasury payments.
- SEPA credit transfers can be settled via equensWorldline CSS, STEP2 or via correspondent banking networks.
- Approximately 37 banks in the Netherlands participate in the SEPA credit transfer scheme.



- The Telegiro Nieuwe Stijl (TNS), a domestic low-value and urgent credit transfer scheme, was closed in 2020.
- IBAN-Acceptgiros are pre-prepared, in-payment transfers initiated by the payee. Plans to phase out IBAN-Acceptgiros in 2019 were cancelled, although their use is falling rapidly.
- Instant Payment credit transfers are processed within five seconds and are immediately credited to the account of the beneficiary, regardless of where the account is held. Instant Payments are available 24/7, 365 days of the year. Large Dutch banks offer the service via their online and/or mobile channels using the clearing and settlement services of EquensWorldline. There is no value limit for instant payments within the Netherlands. Cross border instant payments have a maximum limit of EUR 100,000 per transaction. The Dutch Instant Payments scheme fully complies with the EPC's SCT Inst Scheme. All participating Dutch banks automatically process payments via mobile devices and internet banking as Instant Payments.
- There were 372 million Instant Payments in 2020 (201 million in 2019), with a value of EUR 276 billion (EUR 149 billion 2019).
- High-value and urgent EUR-denominated domestic and cross-border (within the euro zone) credit transfers can be settled in real time via TARGET2.
- High-value and urgent cross-border credit transfers can also be settled with end-of-day value via the Euro Banking Association's EURO1 system. Five banks in the Netherlands participate directly in EURO1.
- Cross-border transfers can be made via SWIFT and settled through correspondent banks abroad.
- The European Payment Council's SCT Inst scheme (a pan-European 24/7 instant payment scheme for SEPA credit transfers) enables the transfer of funds (the maximum threshold value is EUR 100,000) to another account in less than ten seconds. There are 10 participants.
- EBA Clearing and Italy's SIA Group have developed and implemented a pan-European platform for instant EUR payments called RT1. It is fully compliant with the SCT Insts scheme and is in line with the ISO 20022 global messaging standards for instant payments.
- EBA Clearing has launched a pan-European request to pay (R2P) infrastructure solution with the support of 27 payment service providers from 11 countries. The new 24/7 service is compatible with the SCT and SCT Inst schemes and allows payees to take the initiative to request a specific payment from the payer.
- TIPS is a pan-European service for the settlement of instant payments in central bank money. The service enables payment service providers and ACHs with access to TARGET2 to offer fund transfers 24/7, 365 days a year. TIPS is aligned with SCT Insts. It is primarily focused on EUR payments but is technically capable of settling payments denominated in other currencies.

## Direct debits

- Direct debits are used for regular payments, such as utility bills.
- SEPA direct debits can be settled on a same-day basis via equensWorldline CSS or STEP2.
- There are 25 Core SDD participants and 15 B2B SDD participants.

## Cheques

- Cheques have not been issued Netherlands since 2002.
- Legacy cheque items are occasionally used despite being expensive and difficult to negotiate.
- Cheques are cleared bilaterally between banks.

## Card payments

- Card payments, particularly debit cards, are increasingly popular, especially for retail transactions.
- In 2020, there were 4.87 billion debit card transactions, with a value of EUR 126 billion. There were 30 million credit card transactions, with a value of EUR 2 billion.
- There were 30.1 million debit cards and 6.1 million credit cards in circulation at the end of 2020.
- Visa and Maestro/MasterCard-branded payment cards are the most widely issued.
- American Express and Diners Club credit cards are also available.
- Most card payments are settled via EquensWorldline CSS.
- Contactless card technology is available and widely used in the Netherlands. In 2020, the share of contactless payments using payment cards had increased to 85% by end 2020.
- All cards issued are SEPA-compliant with EMV chips.

## ATM/POS

- There were 3,540 ATMs in the Netherlands at the end of 2020.
- There were 328,000 EFTPOS terminals in the Netherlands at the end of 2020.
- Payments are settled via equensWorldwide CSS.
- All ATMs and POS terminals are EMV-compliant.
- Netherlands' three largest banks ING, Rabobank, and ABN AMRO have announced plans for a joint ATM network covering the whole country. The partners started migrating the network in early June 2019 and aim at completing the project by the end of 2021.

## Electronic wallet

- MasterCard's MasterPass electronic wallet payment platform facilitates online purchases by MasterCard, Visa and American Express card holders in the Netherlands using PCs and mobile devices.
- There were 15,000 payment cards with an e-purse function in circulation at the end of 2019.
- Digital wallet services such as MasterCard's MasterPass, iDEAL, NETELLER and Skrill are available and widely used. The number of mobile contactless payments reached 116 million in 2019.

- E-money payments can be settled via equensWorldwide CSS.

## Short term investments

### Market overview

#### Interest payable on credit balances

Interest-bearing current accounts are permitted for residents and non-residents denominated in EUR or foreign currency.

#### Demand deposits

- Demand deposits denominated in EUR or major foreign currencies are available to both residents and non-residents.

#### Time deposits

- Time deposits are available in EUR or major foreign currencies for terms of one night to more than one year.
- Time deposits pay fixed or floating interest.

#### Certificates of deposit

- Domestic commercial banks issue certificates of deposit.

#### Treasury (government) bills

- The Dutch State Treasury Agency issues Dutch Treasury Certificates (DTCs), for terms of three, six, nine and 12 months.

#### Commercial paper

- Domestic [commercial paper](#) is issued by companies, financial institutions and public authorities with terms ranging from one month to two years. The minimum investment is EUR 500,000.

#### Money market funds

- Domestic money market funds are available.

#### Repurchase agreements

- Collateralised loans (belening) are available.

#### Banker's acceptances

- Banker's acceptances are not used.

## BNP Paribas Trade Finance Capabilities

### Trade payments

Documentary credits	✓
Documentary collections	✓

### Guarantees

Bank guarantees	✓
Standby letters of credit	✓

### Supply chain management

Receivables	✓
Payables	✓

Inventory	✓
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## Trade channels

Connexis Trade	✓
Connexis Supply Chain	✓
SWIFTNet Trade for Corporates	✓
Connexis Connect	●
Connexis Guarantee	●
SWIFTnet Supply Chain	●

- BNP Paribas has a long heritage of supporting international trade flows in the Netherlands, and now ranks third in the market for large corporates. The Global Trade Solutions (GTS) team in the Netherlands includes 3 marketers, 1 trainee (IVB - International Volunteers in Business) and 10 middle and back officers. The direct handling of a variety of GTS products and services by experienced local specialists, with support across front-, back- and middle offices is greatly appreciated by corporate clients as it ensures short communication lines, close relationships and a detailed understanding of corporates' international trade needs.

## International trade

### General trade rules

- As a member of the EU, the Netherlands follows the EU customs code and applies all associated regulations and commercial policies.
- Trade with other countries in the European Economic Area (EEA) and Switzerland is exempt from tariffs and other controls.

## Trade agreements

- The EU has trade agreements in place with over 30 countries.
- The EU is currently in free trade negotiations with a number of countries, including the Association of Southeast Asian Nations (ASEAN), Australia, Indonesia, Mercosur (the Southern Common Market), Uruguay, and the USA.
- The EU-UK Trade and Cooperation Agreement came into force on 1 May 2021.

## Imports / exports

Imports	Crude petroleum	Refined petroleum	Broadcasting equipment	Computers	Cars
Primary Import sources	Germany (15.0%)	China (11.0%)	Belgium (9.0%)	USA (8.0%)	Russia (7.0%)
Exports	Refined petroleum	Packaged medicines	Broadcasting equipment	Photography equipment	Computers
Export markets	Germany (20.0%)	Belgium (12.0%)	UK (9.0%)	France (7.0%)	USA (5.0%)

## Import / export volumes

			6	2017	2018	2019	2020
Exports	- goods USD m		465,517	520,637	572,561	552,951	533,453
	- services USD m		157,640	175,168	201,176	202,820	202,820
Imports	- goods USD m		392,888	439,411	487,960	476,593	453,704
	- services USD m		150,330	166,814	189,418	184,589	168,957
Current account as % GDP			8.0	10.9	10.9	9.9	9.0

Source: IMF, International Financial Statistics, July 2021.



### Documentation

- Documentation is not required for imports from within the EU, although a commercial invoice should be supplied.
- The following documentation is usually required in order to import goods into the Netherlands from outside the EU:
  - customs declaration
  - commercial invoice
  - bill of lading
  - packing list
  - certificate of origin (in certain cases).

### Import licences

- Import licences are required for certain steel products from countries with formerly state-controlled trading, such as China.
- Licences are also required for textiles from North Korea and a limited number of textiles from Belarus.

### Import taxes and tariffs

- Tariffs are set according to the EU customs code for all imports from outside the EU, with higher tariffs for agricultural imports.
- There is currently one free zone (Amsterdam Schiphol Airport) operating in the Netherlands.

### Financing requirements

- None

### Risk mitigation

- None

## Prohibited imports

- The Netherlands prohibits the import of certain items in line with EU regulations and UN Security Council resolutions.
- Specific imports are prohibited in order to protect fauna and flora, for health and safety or moral reasons, and/or for national security.

## Trade finance - Exports

## Documentation

- Documentation is not required for exports from within the EU, although a commercial invoice should be supplied.
- The following documentation is usually required in order to export goods from the Netherlands outside the EU:
  - customs declaration
  - commercial invoice
  - bill of lading
  - packing list
  - certificate of origin (in certain cases).

## Export licences

- Export licences are required for certain strategic items (e.g. diamonds, armaments and dual-use items).

## Export taxes and tariffs

- None

## Financing requirements

- None

## Risk mitigation

- The Netherlands has implemented the EU directive on export credit insurance.
- Atradius Netherlands, the Netherlands' national export credit agency, provides state-supported export credit insurance.
- Export credit insurance is also available from private insurance companies.
- Export financing is available from commercial banks.

## Prohibited exports

- The Netherlands prohibits the export of certain items in line with EU regulations and UN Security Council resolutions.

## Regulatory requirements

## Reporting regulations

- Transactions between approximately 2,000 resident entities and non-residents must be reported to the DNB on a monthly basis.
- Transactions between all remaining resident entities and non-residents are monitored via DNB benchmark surveys.

### Tax year/filing

- The tax year generally corresponds to the calendar year, unless the company defines a different year in its articles of association. The tax year usually is 12 months, but shorter or longer periods are permitted in the year of incorporation.
- A provisional assessment, generally based on information from the previous two years, usually is issued in the first month of the taxpayer's financial year. This assessment is payable in monthly instalments for the remaining months of the year.
- Corporate income tax returns must be filed annually, within five months of the end of the fiscal year. However, extension of this deadline is possible. Businesses are expected to file all returns electronically. The tax return should be accompanied by all information required to determine taxable

profits, including the balance sheet and profit-and-loss account and any other information requested by the tax inspector. If a company does not meet these obligations or does not file a proper tax return, the inspector may issue an estimated assessment.

- Provided certain conditions are satisfied, a parent company may form a fiscal unity with one or more of its subsidiaries, under which the losses of one company may be offset against the profits of another company and fixed assets of one company may be transferred to another company without corporate income tax consequences. To qualify for fiscal unity status, the parent company must own at least 95% of the economic and legal ownership of the shares of the subsidiary and the parent company and the subsidiaries must have the same financial year. A Dutch PE of a foreign group may be included in a tax-consolidated group.
- A fiscal unity may be formed via a company based in another EU member state, and it is possible to form a fiscal unity, in certain cases, with an EU/EEA-resident parent company that has a Dutch permanent establishment (PE).
- Remedial legislation (not yet officially enacted) will take effect with retroactive force from January 1, 2018 as a result of the decision of the Court of Justice of the European Union (CJEU) in two cases relating to the Dutch fiscal unity regime. The CJEU held that the Netherlands may not favor domestic situations by allowing a benefit that is not open to cross-border groups. As a consequence some corporate income tax and dividend withholding tax rules will have to be applied as if no fiscal unity exists.

## Exchange controls

- The Netherlands does not apply [exchange controls](#) .
- Restrictions apply to foreign investment in specific industries (Dutch shipping and airlines).

## Taxation

## Resident / non-resident

- A company is considered resident if its effective management is located in the Netherlands, or if it is incorporated according to Dutch civil law.

### Tax authority

- Belastingdienst (Tax revenue).

### Tax year/filing

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- A fiscal unity may be formed via a company based in another EU member state, and it is possible to form a fiscal unity, in certain cases, with an EU/EEA-resident parent company that has a Dutch permanent establishment (PE).

## Financial instruments

- There are no specific tax rules to determine the tax treatment of financial instruments. The recognition of profits on financial instruments is determined on the basis of 'sound business practice'. The meaning of 'sound business practice' has been developed through the courts, and principles such as 'prudence' on the recognition of losses and profits, or 'the matching principle', to match costs to the year in which the income arises, determines the content of sound business practice. Provided certain conditions are met, a corporate income tax return may be filed based to a large extent on IFRS rules (for which a ruling should be obtained from the Dutch tax authorities).

## Interest and financing costs

- Interest costs are generally deductible. Interest deductions can be limited pursuant to various tax rules as set out below (see also Thin capitalisation).
- The deduction of interest on 'participating loans' may be disallowable. Participating loans are loans that function as equity by virtue of meeting certain conditions, such as profit-dependent remuneration, full subordination, and a term that exceeds 50 years. If a loan is re-qualified as equity, the interest received on this loan may be tax exempt.
- If an intercompany loan facilitates the drainage of profits (e.g. a loan that is used to repay capital, contribute capital to subsidiaries, or finance the acquisition of a subsidiary), the interest may be

disallowed. The interest will be allowable if a specific safe harbour rule applies, such that the Dutch taxpayer can demonstrate that the intercompany loan payable and the underlying transaction are predominantly based on business reasons, or the interest must be sufficiently taxed in the hands of the recipient, i.e. at least 10%, and this interest may not be offset against available tax losses. Deduction of interest on loans from related entities could be limited where transfer pricing conditions are not met (for example, a loan with no specific due date, or a due date that exceeds ten years, or a loan where the interest rate deviates from a market rate by 30% or more).

- A more recent development is a limitation on the deductibility of devaluations on so-called 'unbusinesslike' loans, as established by the court. In broad terms, the grant of an intra-group loan without sufficient pledges (compared to what a third-party might have required) may be reclassified as an 'unbusinesslike' loan. Devaluations on such loans are non-deductible, and interest paid on such loans may also be (partly) non-deductible.

## Foreign exchange

- The reporting currency of a Dutch company is the euro. Under certain circumstances however, Dutch tax rules provide for a different functional currency.

## Advance tax ruling availability

- A taxpayer can request an advance ruling from the tax authorities on the application of the participation exemption (PE) to holding companies in international structures; the use of hybrid financing instruments and hybrid entities; the existence of a PE in the Netherlands; or the classification of activities, i.e. group services or shareholder activities.
- It is possible to enter into an advance pricing agreement for the use of a certain transfer pricing method.

## Capital gains tax

- Capital gains are generally taxed as ordinary income, except for those on certain investments in shares (e.g. in cases where the participation exemption regime applies). The taxable gain is the difference between the sale proceeds and the book value of the asset. Capital losses are, in principle, deductible from Dutch corporate income tax, except for those on certain investments in shares (e.g. in cases where the participation exemption regime applies).
- Gains on certain assets can be deferred if there is an intention to reinvest in new assets within three years of the end of the year in which the asset is sold. The new asset must perform a similar economic function within the company, unless it is depreciated over ten years or less.

## Withholding tax (subject to tax treaties)



Payments to:	Interest	Dividends	Royalties	Other income
Resident entities	0–25%	0% - 15%	0–25%	None
Non-resident entities	0–25%	0% - 15%	0–25%	None

- Withholding tax of 15% is levied on dividends paid to both residents and non-residents. For non-residents, the application of a tax treaty may reduce the rate, potentially to 0%.
- In domestic situations, dividends are exempt from withholding tax if the participation exemption applies or if a fiscal unity for corporate income tax purposes exists between the dividend payer and the recipient.
- Domestic rules implementing the EU parent-subsidiary directive paid to EU/EEA parent companies under the same conditions as for distributions to a Dutch parent. As from 1 January 2018, the exemption from withholding tax also applies to dividends paid to a parent company in a third country that has concluded a tax treaty with the Netherlands that contains “qualifying provisions” relating to dividend withholding tax.
- Tax withheld on dividends paid to non-resident individuals and companies may be refunded, provided the recipient is a resident of another EU/EEA member state and is the beneficial owner of the dividend. The refund will be equal to the amount of tax withheld that exceeds the (corporate) income tax that would have been due had the recipient been a Dutch resident. A similar refund also is available, in certain cases, to a resident of a third country that exchanges information with the Netherlands.
- The Dividend Withholding Tax Act contains various anti-abuse rules, which were amended as of 1 January 2020.
- The Netherlands does not levy withholding tax on interest. Interest on a hybrid loan can qualify as a dividend for tax purposes, in which case the rules for dividends apply. However, a withholding tax on interest will be introduced in 2021 to apply in cases of abuse.
- No withholding tax is levied on royalties. However, a withholding tax on royalties is planned will be introduced in 2021 to apply in cases of abuse.
- The Netherlands does not levy withholding tax on technical service fees.

## Tax treaties / tax information exchange agreements (TIEAs)

- The Netherlands has concluded an extensive tax treaty network with more than 95 tax treaties. Different rates of withholding tax can apply to interest, dividends and royalties, depending on the terms of the agreement with the particular country.
- Where, in a particular case, a treaty rate is higher than the domestic rate, the latter is applicable.
- Netherlands has exchange of information relationships with 126 jurisdictions through 97 double tax treaties and 29 TIEAs.
- The Netherlands, as part of the OECD/G20 Base Erosion and Profit Shift (BEPS) initiative, has signed a multilateral co-operation agreement with 30 other countries (‘the MCAA’). Under this

multilateral agreement, information will be exchanged between tax administrations, giving them a single, global picture on some key indicators of economic activity within multinational enterprises (MNE).

- With country-by-country reporting, tax administrations of jurisdictions where a company operates will have aggregate information annually relating to the global allocation of income and taxes paid, together with other indicators of the location of economic activity within the MNE group. It will also cover information about which entities do business in a particular jurisdiction and the business activities each entity engages in. The information will be collected by the country of residence of the MNE group, and will then be exchanged through exchange of information supported by such agreements as the MCAA. First exchanges under the MCAA started in 2017–18 on 2016 information.

## Thin capitalisation

- There is no thin capitalisation rule, but an earnings stripping rule applies for corporate taxpayers. Under the earnings stripping rules, the restriction on deductibility applies to the difference between interest expenses and interest income from third party and group loans. The balance of interest is deductible up to a maximum of 30% of taxpayer's EBITDA, although all interest is deductible up to a net amount payable of EUR 1 million (even if the 30% threshold is exceeded). Any surplus is non-deductible but may be carried forward indefinitely to a subsequent year. No group exception will be introduced, so the interest deduction limitation, in principle, should be applied at an entity level. The 30% EBITDA rule, however, may be applied at a fiscal unity level. The Netherlands has not introduced a group ratio exception, i.e., it is not possible for a taxpayer to rely on a higher group debt-to-equity ratio or higher group interest/EBITDA ratio.

## Transfer pricing

- The arm's-length principle is laid down in the Dutch Corporate Income Tax Act. Corporate income taxpayers are obliged to keep records substantiating that intercompany transfer prices have been determined in line with the arm's-length principle.
- Acceptable transfer pricing methods include the comparable uncontrolled price, resale price, cost plus, profit split and transactional net margin methods, with transaction-based methods preferred over profit-based methods.
- It is possible to enter into an advance pricing agreement for the use of a certain transfer pricing method.

## Stamp duty

- No [stamp duty](#) is levied on loan agreements.

## Cash pooling

- The Netherlands has no specific rules with respect to [cash pooling](#) arrangements.

## Financial transactions / Banking services tax

- The Netherlands has no specific tax rules with respect to financial transactions and/or banking services.

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