



# Setting up business in

# THE NETHERLANDS



**2025**

[auren.com](https://auren.com)

## General Aspects

The Netherlands, or Holland, is the gateway to Europe, sharing most of its border with the North Sea, but also bordering Germany and Belgium. As it is part of the European Community, its monetary unit is the Euro. Holland is about 41,500 square kilometres large.

The total population is around 18 million as of January 2025. Dutch is the official language, though English is widely spoken. Despite global challenges, the Dutch economy remains strong. It is supported by innovation, international trade, and stable governance, making the country an attractive base for European and

## Legal Forms of Business Entities

| Legal form                               | Feature  | Remarks  |
|--|--|--|
| <b>Branch Office</b>                     | A branch office is not a separate legal entity but a permanent establishment of the foreign parent company. It allows foreign businesses to operate in the Netherlands without forming a separate Dutch legal entity. All rights and obligations remain with the parent company.   | Suitable for foreign companies wishing to operate in the Netherlands without forming a separate legal entity. All liabilities and obligations of the branch are borne by the foreign parent company. |
| <b>Sole Proprietorship (Eenmanszaak)</b> | A sole proprietorship (eenmanszaak) is a business operated by one individual who is personally liable for all debts and obligations of the business. There is no legal distinction between personal and business assets. It is the simplest and most common business form for small-scale entrepreneurs and freelancers. | Easy to set up and inexpensive. Most commonly used by freelancers and small business owners. Must be registered in the Trade Register (KvK).   |

There are the following partnerships in Dutch law:

|   |   |  |
|---|---|--|
| <b>General Commercial Partnership (Vennootschap onder firma, VOF)</b> | In a VOF (general commercial partnership), two or more individuals or entities conduct business together. Each partner is jointly and severally liable for the firm's debts, meaning creditors can recover the full amount from any one partner. A partnership agreement is recommended but not legally required.     | Suitable for small businesses. Entry into the commercial register (KvK) is required. No legal personality. Liability is personal and unlimited.  |
| <b>Partnership (Maatschap)</b>  | Used mainly by professionals (e.g. lawyers, doctors). Partners jointly bring in labour, assets or capital and share profits and losses.   | Often used in professional services. May be public or private. No legal personality, unless legislative changes (as foreseen) grant this in the near future.                                   |
| <b>Limited Partnership (Commanditaire vennootschap, CV)</b>           | A limited partnership (CV) distinguishes between managing partners (beherende vennoten) with full liability and silent partners (commanditaire vennoten), whose liability is limited to their contribution. Silent partners must not act on behalf of the company; otherwise, they lose limited liability protection. | Common for financing structures. If a silent partner becomes publicly involved or acts as a manager, they lose their limited liability and become fully liable. Must be registered in the KvK. |

Legal structures with corporate (legal) personality

|  |   |   |
|--|---|---|
| <b>Limited Liability Company (Besloten Vennootschap, BV)</b> | A BV (Besloten Vennootschap) is a private limited liability company and the most common form for businesses in the Netherlands. It is a legal entity with limited liability, meaning shareholders are only liable up to their capital contribution. It can be formed with minimal capital (as little as € 0.01), and shares are privately held and not publicly traded. Incorporation requires a notarial deed. | Most used legal form for companies in the Netherlands. Shareholders are only liable up to their contribution. Articles of Association must be notarized. Flexible governance possible, including one-tier or two-tier boards. |
| <b>Public Limited Company (Naamloze vennootschap, NV)</b>    | Separate legal entity whose shares may be publicly traded. Minimum share capital is € 45,000. At least 25% must be paid up at incorporation.  | Suitable for larger enterprises and listed companies. May issue bearer or registered shares. Can be listed on stock exchanges. More complex governance and higher transparency obligations.                                   |
| <b>Cooperative (Coöperatie)</b>                              | Legal entity established by notarial deed with at least two members. Aimed at serving member interests through joint business operations.   | Frequently used in holding and financing structures. Members may have limited or excluded liability (U.A., B.A., W.A.). May distribute profits to members. Can also act as a parent in an international structure.            |
| <b>Foundation (Stichting, STG)</b>                           | No members or shareholders. Managed by a board. Set up to pursue a specific goal (charitable, social, or economic).   | Widely used in non-profit and STAK (trust foundation) structures. May hold shares in companies. May not distribute profits unless it serves the social purpose. Must be incorporated by a notarial deed.                      |

## Organizational Questions

| Topic                      | Feature   | Remarks   |
|----------------------------|---|---|
| <b>Commercial Register</b> | All businesses and legal entities must be registered with the Dutch Commercial Register (Handelsregister), administered by the Chamber of Commerce (KvK). | Registration is mandatory before starting operations. If business activities are started prior to registration, personal liability applies to founders and managers, even for legal entities like BVs and NVs.  |
| <b>Tax Authorities</b>     | All business forms must register with the Dutch Tax and Customs Administration (Belastingdienst).   | Registration results in the assignment of a fiscal number and VAT ID. VAT registration is required to send legal invoices and to reclaim input VAT.   |
| <b>Bank Account</b>        | Legal entities require a KvK extract, Articles of Association, and identification documents for signatories.  | Banks operate under strict KYC (Know Your Customer) rules and notify the Dutch Central Bank (DNB) of unusual transactions over €15,000, as part of anti-money laundering measures. Banks are obliged to report any single transaction exceeding € 15,000 to the Dutch National Bank (DNB) in the context of anti-money laundering legislation (Wwft). |

|  |   |   |
|--|---|---|
| <b>UBO Register</b>                    | Dutch legal entities are required to register their Ultimate Beneficial Owners (UBOs) in the UBO register maintained by the Chamber of Commerce.  | A UBO is an individual who ultimately owns or controls more than 25% of the company. This measure is part of the EU's Anti-Money Laundering Directive. Foreign entities with only a Dutch branch are not required to register a UBO in the Netherlands. |
| <b>Transfer of Goods and Machinery</b> | Within the EU goods and machinery can circulate freely. Import from non-EU states to Holland goes through customs. Consider import turnover tax, VAT, and in some cases special excise taxes. ( <a href="http://www.douane.nl/english/">http://www.douane.nl/english/</a> ) | There are several customs exemptions to be considered.  |
| <b>Transfer of Capital</b>             | Capital can be moved in and out of Holland without any restrictions.  | However, amounts exceeding € 10,000 must be reported to customs ( <a href="http://www.douane.nl/english/">http://www.douane.nl/english/</a> )   |
| <b>Visa and Residence Permit</b>       | Non-EU nationals must apply for a residence and work permit before establishing a business.   | Permits are issued by the IND (Immigratie- en Naturalisatiedienst). Early consultation is advised: <a href="http://www.ind.nl">www.ind.nl</a>   |

## Employment

| Topic                     | Feature  | Remarks   |
|---------------------------|--|---|
| <b>Work Permit</b>        | Citizens of EU/EEA countries and Switzerland may work freely in the Netherlands without a permit. Nationals from other countries must apply for a residence and work permit through the Dutch Immigration and Naturalisation Service (IND), and in some cases, also through the Employee Insurance Agency (UWV). | For foreign entrepreneurs, a residence permit is required for self-employed status. UWV assesses labor market conditions if hiring non-EU employees.                                    |
| <b>Labour Law</b>         | Dutch labor law provides strong employee protections, with detailed rules on notice, dismissal, and severance.   | Termination must follow strict procedures. Employers need valid grounds and often require permission from UWV or the court. Unfair dismissal can lead to reinstatement or compensation. |
| <b>Social Security</b>    | Employer and employee contributions cover pensions, unemployment, disability, and health care.   | Pension schemes are often part of Collective Labour Agreements (CLAs). Without a CLA, pensions are not mandatory. Contributions are split between employer and employee.                |
| <b>Holidays</b>           | Employees are entitled to a minimum of 20 paid vacation days per year (based on full-time work).   | Additionally, 8% holiday allowance (vakantiegeld) is paid annually. Employees also benefit from public holidays and extra entitlements under CLAs.                                      |
| <b>Working Conditions</b> | Normal full-time working hours range from 36 to 40 hours per week. Extensive safety and working time regulations apply.  | Maximum working hours and rest periods are regulated. The Working Conditions Act (Arbowet) governs occupational health and safety.  |

# Taxation

Companies in The Netherlands are usually confronted with the following taxes:

- Corporate income tax (vennootschapsbelasting)
- Dividend withholding tax (dividendbelasting)
- Personal income tax (inkomstenbelasting) for sole proprietors and partnerships
- Wage tax (loonbelasting) for employers
- Value Added Tax (VAT) (omzetbelasting)
- Real estate taxes, such as transfer tax and municipal property tax
- Excise duties and import turnover tax (for certain goods and cross-border activity)

These taxes are levied by the Dutch tax authority (Belastingdienst) and customs (Douane) where applicable.

| Tax Type  | Feature  | Remarks   |
|---|--|---|
| <b>Corporate Income Tax</b><br>(Vennootschapsbelasting)   | As of 2025, Dutch corporate income tax is 19% on the first € 200,000 of taxable profits and 25.8% on the excess. This applies to Dutch resident companies and foreign companies with a Dutch permanent establishment. Losses can be carried forward indefinitely (conditions apply) and carried back one year. | Applies to both resident and non-resident companies with a permanent establishment in the Netherlands. Loss carry-forward is unlimited (with caps), carry-back is 1 year.   |
| <b>Personal Income Tax</b><br>(Inkomstenbelasting)        | The personal income tax rate in the Netherlands starts at 37.07% and rises to a maximum of 49.50% for earnings over € 75,518. Deductions—such as mortgage payments, life annuity and disability insurance, and alimony—are available to residents and eligible non-residents taxed as Dutch residents.         | Various deductions and tax credits apply. Non-residents may qualify as domestic taxpayers if they meet specific criteria.   |
| <b>Personal Income Tax in case of partnerships</b>        | No separate legal personality; all profits and losses flow through to the partners' personal income tax returns.   | Partners are taxed individually based on their share in profits. This results in taxation at progressive personal rates rather than corporate income tax levels.  |
| <b>Dividends tax</b><br>(Dividendbelasting)               | 15% withholding tax on dividend distributions to shareholders.   | Shareholders must report dividends in their personal tax return. For qualifying shareholdings (>5%), different rules may apply. Double tax relief may apply based on treaties.  |
| <b>Value Added Tax</b><br>(VAT, Omzetbelasting)           | Standard rate is 21%; a reduced rate of 9% applies to essentials such as food, books, and public transport.  | Exemptions apply to banking, healthcare, education, and non-profit sectors. Reverse-charge mechanism applies to certain cross-border services.  |
| <b>Real Estate Transfer Tax</b><br>(overdrachtsbelasting) | Transfer of commercial property is taxed at 10.4%. Residential real estate used for private occupancy is taxed at 2%.  | New construction is usually subject to VAT instead of transfer tax. For housing to qualify for 2%, it must be used as main residence. New-build property is generally exempt from real estate transfer tax, but instead subject to VAT (21%). Commercial developers must account for this in their cost planning. |
| <b>Property Tax</b><br>(onroerendezaakbelasting, OZB)     | Annual municipal tax based on the WOZ value of the property.   | Rates vary by municipality. Collected annually along with other local levies such as waste and sewer taxes.   |

|                              |   |
|------------------------------|---|
| <b>Non-Resident Taxation</b> | Non-resident individuals and companies are taxed on Dutch-sourced income only. Double taxation is avoided through tax treaties. Expense deductions are limited and may lead to a less favorable position compared to residents. Individuals can opt for full (unlimited) Dutch taxation under certain conditions. This is possible if they have Dutch taxable income and want access to broader deductions, similar to residents. |
|------------------------------|---|

## Real Estate / Lease and Purchase

| Topic                           | Feature   | Remarks   |
|---------------------------------|---|---|
| <b>Office Markets</b>           | The Dutch office market is decentralised. Amsterdam focuses on finance and international trade, The Hague on government, Rotterdam on logistics, and Eindhoven on technology. | Utrecht serves as a national transport hub. Rent levels vary based on region, quality and function.   |
| <b>Rental Prices (2025)</b>     | Progressive rates of 37.07% and 49.5% (above €75,518).  | Various deductions and tax credits apply. Non-residents may qualify as domestic taxpayers if they meet specific criteria.   |
|                                 | <b>Location</b>   | <b>Range (€/m<sup>2</sup>/year)</b>   |
|                                 | Amsterdam   | € 125 – € 450   |
|                                 | Rotterdam   | € 100 – € 250   |
|                                 | The Hague   | € 90 – € 250  |
|                                 | Utrecht   | € 90 – € 300  |
|                                 | Eindhoven   | € 100 – € 225   |
| <b>Zoning Plans</b>             | Building, renovation or usage changes must comply with local zoning plans.  | Municipal approval is mandatory for zoning plan deviations. Permit procedures can take years.   |
| <b>Lease Practice</b>           | Standard lease period is 5 years with automatic 5-year renewals.  | Rents are typically indexed annually using the CPI. Break clauses, service charges, and VAT treatment can be negotiated. Tenants pay internal maintenance; landlords cover structural elements. |
| <b>Real Estate Transfer Tax</b> | Transfer of commercial property is taxed at 10.4%. Residential property (used as private residence) is taxed at 2%.   | Transfer tax is due upon change of legal ownership. Not applicable on new build property, which is subject to VAT.  |
| <b>Other Property Taxes</b>     | Municipalities levy OZB (property tax) and utility taxes (water/sewer).   | Based on the WOZ value, which is reassessed annually.   |
| <b>Purchase Costs</b>           | Buyer pays notary (0.2–0.4%), land registry, and legal costs.   | Known as “kosten koper”.  |

## EUROPE

Andorra  
Austria  
Belgium  
Bulgaria  
Croatia  
Cyprus  
Czech Republic  
Denmark  
Finland  
France  
**Germany**  
Greece  
Hungary  
Ireland  
Italy  
**Luxembourg**  
Malta  
Montenegro  
Norway  
Poland  
**Portugal**  
Romania  
Russia  
Serbia  
**Spain**  
Sweden  
Switzerland  
**The Netherlands**  
Ukraine  
United Kingdom

## AMERICA

**Argentina**  
Bolivia  
Brazil  
Canada  
**Chile**  
**Colombia**  
Costa Rica  
Dominican Republic  
Ecuador  
El Salvador  
Guatemala  
Honduras  
**Mexico**  
Panama  
Paraguay  
Peru  
**Uruguay**  
USA  
Venezuela

## MIDDLE EAST AND AFRICA

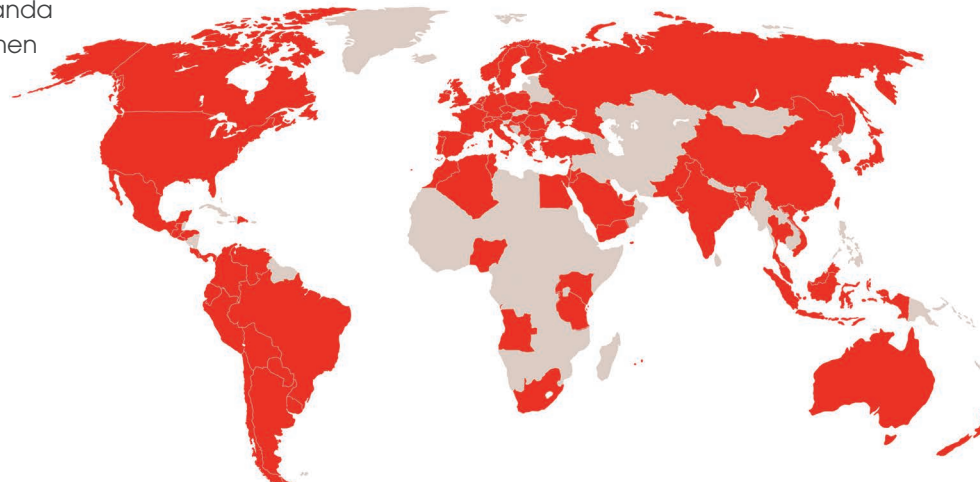
Algeria  
Angola  
Egypt  
**Israel**  
Jordan  
Kenya  
Kuwait  
Lebanon  
Mauritius  
Morocco  
Nigeria  
Saudi Arabia  
South Africa  
Tunisia  
Turkey  
UAE  
Uganda  
Yemen

## ASIA-PACIFIC

Australia  
Bangladesh  
China  
India  
Indonesia  
Japan  
Malaysia  
New Zealand  
Pakistan  
Qatar  
Singapore  
South Korea  
Thailand  
Vietnam



ASSOCIATES



2025

[auren.com](http://auren.com)

*The content of this newsletter has been written or gathered by Auren and its representatives, for informational purposes only. It is not intended to be and is not considered to be legal advice, or as a proposal for any type of legal transaction. Legal advice of any nature should be sought from legal counsel. For further advice please contact local office.*