



Finding a location

Introduction

Doing Business in the Netherlands is published by your accountant who is a member of the SRA network. The purpose of this detailed manual is to guide you through the investment environment in the Netherlands. It offers practical information about the country and how to set up a business, adopt the ideal legal form, the subsidy schemes, the tax system, labour law and much more. For more detailed information, please do not hesitate to contact your personal SRA accountant.

Economy

The Netherlands is an open economy, carried along by international economic trends. International economic or financial crises mainly affect the Dutch economy through exports, as a result of a reduction in world trade. However these have a relatively limited direct real impact on Dutch exports. The

financial situation of companies (profitability and solvency) is on average in good heart, enabling companies to withstand the ups and downs in the global economy.

Country and Government

The Netherlands has a total population of 17.1 million inhabitants (January 2018) and is governed by a monarchy. The ministers are the people's representatives with respect to the actions of the government. The head of state does not bear political responsibility and can therefore not be held politically accountable by the parliament. The Netherlands has 12 provinces, each with its own local authorities.

Location

Most of the major industries in the Netherlands are situated in the country's western regions. The Port of Rotterdam is one of the biggest ports in the world. The railway line, the 'Betuweroute', ensures fast and efficient transport from the port to the

European hinterland. Utrecht is a central traffic junction and Schiphol, the main Dutch airport, is growing at a rapid rate. The Low Lands, as the Netherlands is also known, play an extremely important role in the functioning of the transport artery.

Export

The country's perfect location and healthy financial policy have helped to ensure that the Netherlands has grown into an important import and export nation. The country's most important industrial activities include oil refineries, chemicals, foodstuff processing and the development of electronic products.

Germany, Belgium, Luxembourg, China, Great Britain, France and the United States are the country's main import partners. All the above-mentioned countries, including Italy, are also the country's most influential export partners.

Finances

The Dutch National Bank (De Nederlandsche Bank, DNB) is responsible for the money flow in the Netherlands. One of the government's most important objectives is to keep prices stable and

thereby to contain inflation. Dutch banks offer an extensive range of financial services: some are specialized, while others offer an extremely wide range of services. Dutch banks are reliable: most financial institutions use organizational structures that prevent the possibility of entanglement of interests. The general prohibition on commission also contributes to this from 1 April 2014.

Right to establish a business

Foreign companies wishing to set up shop in the Netherlands can set up the existing foreign legal entity in the country without the need to convert it into a Dutch legal entity. They will however be required to deal with both international and Dutch law. All foreign companies with establishments in the Netherlands must be registered with the Chamber of Commerce.

A most competitive economy

The Netherlands is an attractive base for doing business and for investment. Its open and international outlook, well-educated work force and strategic location are contributors. The attractive fiscal climate and technological infrastructure create favourable propositions for international business.

Finding a location

The office market in the Netherlands is decentralized, which results in each city having a more or less specific office market. Amsterdam focuses on finance and international trade and agencies, The Hague is the national administration centre where the government and public departments are the main users of the local office buildings. Rotterdam has one of the largest ports in the world, as a result of which the office market has a traditional focus on insurance and trade. Utrecht is located in the heart of the country with a focus on transport and domestic commercial services. In Eindhoven occupiers of office space have strong ties with electronics, chemicals, equipment and energy supply.

Location	Prime rent (Dec. 2017) Euro/sq.m./yr
Amsterdam	85 - 450
Rotterdam	70 - 235
The Hague	60 - 210
Utrecht	65 - 245
Eindhoven	65 - 185

Town planning

The Netherlands has applied strict regulations with respect to the development of offices, retail, industrial and residential schemes since 1950. The municipal system of zoning plans determines in detail what can and cannot be built. In general, developers are only granted building permits if their plans fit in with the zoning plans or if an exemption has been granted.

The zoning plans also apply to all redevelopment projects. It is therefore not easy to change the use of the building without the cooperation of the local authorities. Municipal approval is mandatory with respect to zoning plan changes. Procedures for obtaining permits are scheduled according to strict timetables. It can take several years to obtain approval for complex building plans in which public authorities have a dominant role.

Lease or buy

The general practice in the Netherlands is to lease office space: approx. 65% of all office buildings are owned by investors. Owner-occupier situations are more common in the industrial real estate market, although this has also changed over the past 10 years as a result of sale-and-lease back transactions. Leasing has advantages, such as a positive impact on the company's cash flow, flexibility, the possibility of off-balance presentation and negotiation on incentives with landlords. Lease contracts can be subject to VAT; which may result in VAT savings in specific situations.

Depreciation is an important consideration with respect to the ownership of real estate. Since the beginning of 2007, the tax depreciation on real estate is limited, both for BVs and for IB entrepreneurs (natural persons). Depreciation for tax purposes is exclusively permitted where and in as far as the book value of the building exceeds the so-called base value. The level of the base value depends on the intended use of the building.

Leasing practises and taxes

OFFICES AND INDUSTRIAL

Location	Prime rent (Dec. 2017) Euro/sq.m./yr
Typical lease length	Negotiable, but the common practice is 5 years + auto-renewals for 5 years
Typical break options	Negotiable
Frequency of payment	Negotiable, but generally quarterly in advance
Annual index	Linked to consumer price index (CPI; all households)
Rent reviews	To market prices only if agreed upon (frequency usually 5 years, by expert panel)
Service charge	Depending on contract
Tax (VAT)	21%, 6% for lease in the hospitality market
Real Estate Transfer tax	Change of ownership; 2% for housing facilities, 6% for other real estate
Tax (others)	Property tax, water tax and sewer tax

IN ALL INSTANCES:

The tenant has security of tenure as the lease automatically renews at expiry, bearing in mind the notice period. The exception to this is if the landlord wishes to occupy, tear down or redevelop the building. These conditions are rather strict and in reality the landlord's options of terminating the lease are limited.

- The tenant pays for internal repairs and utilities.
- The tenant is responsible for insurance of contents.
- The landlord pays for the external and structural elements of the building.
- The landlord is responsible for building insurance and non-recoverable service charge items.
- The landlord provides property management services that are not recoverable through service charges.

MORE ABOUT TAXES

The landlord and the tenant are each partly responsible for the property tax levied by the local authority. Each property is assessed for taxation purposes, known as 'onroerende zaak belasting' (OZB). The local government gives a value for the property and that value applies for 1 year. Each year

the authorities collect the tax. The rate depends on the local authorities and this is a percentage of the value according to the Immovable Property Act.

PURCHASE PRACTISES AND TAXES

The purchaser is responsible for the so-called 'kosten-koper', which means that the buyer is liable for the payment of all additional costs. Those costs include transfer tax (6% for offices and industrial buildings), notary costs (0.2-0.4%), legal costs (negotiable) and some minor administration costs, such as land registration (Kadaster).

Questions?

Feel free to contact one of our professionals!



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