



The Besloten Vennootschap in the Netherlands

By Bolt Advocaten

Establishing a company in a foreign country can be challenging in terms of designing the legal structure and organising a streamlined and efficient incorporation process. Alliuris member firms provide corporate legal services, in particular for the formation of companies in their home country.

This article provides a brief overview of the legal form of a limited company in the Netherlands

The Besloten Vennootschap

The Besloten Vennootschap (BV) is the most common form of private limited liability company in the Netherlands. This structure is particularly popular among local entrepreneurs and foreign investors for its flexibility, limited liability protections, and straightforward incorporation procedures. Below is a global overview of the matters you might want to know if you consider to use a BV for your business.

Choice of Seat and Place of Incorporation

When establishing a BV, the Netherlands provides a highly attractive business environment with a strategic location in Europe. Incorporation typically occurs in the city where the company will have its primary operations or headquarters. While national laws are uniform across the Netherlands, certain municipalities may offer incentives or specialized business support for specific industries. A BV must have a registered address



in the Netherlands. This address serves as the company's official headquarters and determines the local jurisdiction for administrative filings. Although the formal language for the Netherlands is Dutch, English is widely used to conduct business in the Netherlands.

Shareholder

A BV can be formed with one or more shareholders, and there is no restriction on nationality or residency. Both individuals and legal entities may serve as shareholders. In the case of foreign shareholders, there is no requirement to appoint a local representative solely for shareholding purposes. However, foreign shareholders must ensure compliance with tax and regulatory requirements in their home countries and the Netherlands. Shares in a BV are not freely transferable without prior approval from the company or other shareholders, ensuring the private nature of the business. For particular requirements you should consult the articles of association of the respective BV. Further rules for the transfer of shares may also be included in shareholders agreements.

Management

The management of a BV is entrusted to a board of directors (Bestuur), which may include one or more individuals. A legal entity may be director of a BV. Directors are responsible for the day-to-day management and represent the company in legal and contractual matters. There are no residency or nationality requirements for directors, making it an attractive option for international businesses. However, a local director may provide practical benefits for compliance with Dutch tax laws and day-to-day operations. Shareholders hold the ultimate decision-making power in the BV. They appoint and dismiss directors during the general meeting of shareholders (Algemene Vergadering van Aandeelhouders). Significant decisions, such as amending the articles of association, require shareholder approval. A BV may have non-executive directors, either by having supervisory directors or non-executive directors in a one tier board.

Formation

The formation of a BV requires the assistance of a civil law notary and involves several steps:

1. Preparation of the Articles of Association: The articles must be drafted in Dutch and signed before a Dutch civil-law notary (notaris). These articles define the company's purpose, share capital structure, governance, and profit distribution rules.
2. Minimum Share Capital: As of 2012, there is no mandatory minimum share capital for a BV. A single share with a nominal value of EUR 0.01 is sufficient to establish the company. This flexibility makes the BV accessible to small and large investors alike.
3. Registration: The BV must be registered with the Dutch Trade Register (Kamer van Koophandel, KvK). Upon registration, the company receives a unique registration number and becomes a legal entity.

4. Bank Account: Before incorporation, a bank account must be opened in the company's name to deposit the share capital. This account will also facilitate ongoing business transactions.

Provided that a bank account is available, the entire incorporation process typically takes 1 to 2 weeks, depending on the completeness of the documentation and the workload of the notary and Trade Register. If there is also a need to open a bank account the process may take longer due to KYC requirements.

Share Capital

Although no minimum share capital is required, the BV must issue at least one share upon incorporation. Share capital can be denominated in any currency, allowing flexibility for international investors. A BV may issue non voting shares. The liability of shareholders is limited to the amount of their contributions, providing robust protection against personal liability. It is advisable for businesses with significant operations or risks to ensure adequate initial capital to cover operational and financial needs.

Registration with Local Authorities/Other Authorities

In addition to registering with the Trade Register, the BV must obtain a Dutch tax identification number from the Dutch Tax and Customs Administration (Belastingdienst). If the company employs staff, it must also register with the Dutch social security and employment authorities. Depending on the company's industry, further permits or licenses may be required, such as environmental permits or professional certifications.

Tax Registration

The BV is subject to Dutch corporate income tax. To comply with tax regulations, the company must register with the Dutch Tax and Customs Administration. The corporate income tax rate for 2024 is 19% on the first EUR 200,000 of taxable income and 25.8% on income above that threshold. The Netherlands offers numerous tax incentives for innovation, research, and development activities. A BV engaged in business within the European Union must also register for Value Added Tax (VAT) and may need an Economic Operators Registration and Identification (EORI) number for international trade.

Anti-Money Laundering Measures

The Netherlands adheres to strict anti-money laundering (AML) regulations. Under the Dutch Act on the Prevention of Money Laundering and Terrorist Financing (Wwft), companies must disclose their Ultimate Beneficial Owners (UBOs) in the UBO register, maintained by the Dutch Chamber of Commerce. Banks and other financial institutions conducting transactions on behalf of a BV are required to perform thorough client due diligence and report suspicious activities to the Dutch Financial Intelligence Unit.

Foreign Investment Control

The Netherlands maintains a welcoming attitude toward foreign investment. Most sectors are open to foreign participation without restrictions. However, sectors involving national security, critical infrastructure, or sensitive technologies may be subject to additional scrutiny under the Dutch Investment Review Act.

Customs (Export/Import)

BVs engaged in import and export activities within or beyond the EU require an EORI number. The Netherlands, being a major logistics hub, offers efficient customs procedures and access to international markets through the Port of Rotterdam and Schiphol Airport.

Bank Account

A BV must establish a corporate bank account in its name. Dutch banks are known for their rigorous compliance requirements and will typically require detailed documentation, including the articles of association, proof of registration, and UBO declaration. This account will be essential for the company's financial transactions and capital management.

Accounting

Dutch BVs are required to maintain accurate financial records and prepare annual accounts. Small BVs may submit simplified financial statements to the Chamber of Commerce. Medium and large companies must include additional disclosures, such as audit reports. The Dutch Accounting Standards Board (DASB) provides guidelines for preparing financial statements, which must comply with Dutch Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS) for larger entities.

Corporate Tax

The BV is subject to corporate income tax at the rates mentioned earlier. Additionally, dividends distributed to shareholders are subject to a 15% withholding tax, although tax treaties and exemptions may reduce or eliminate this rate for foreign shareholders.

Trade and Turnover Tax

The standard VAT rate in the Netherlands is 21%. Reduced rates of 9% apply to certain goods and services, such as food, medicines, and books. VAT-exempt transactions include financial services and healthcare.

Formation Expenses

The costs of incorporating a BV include notary fees for drafting the articles of association, registration fees with the Chamber of Commerce, and potential legal or consultancy fees. Typical formation expenses range from EUR 1,000 to EUR 2,500, depending on the complexity of the business structure.

Staff

A BV may employ both local and international staff. Employment in the Netherlands is governed by comprehensive labor laws, including mandatory employment contracts, minimum wage requirements, and contributions to social security schemes. If necessary, we can also use our connections to recruit suitable employees or managing directors for your company.

+++

THE ALLIURIS GROUP

ALLIANCE OF INTERNATIONAL BUSINESS LAWYERS

Members

- 4|5|3 Lawfirm, Barcelona/Madrid, Spain
- ATPR Sociedade de Advogados, Lisbon, Portugal
- BCO Bazán Cambré Orts, Buenos Aires, Argentina
- Bolt Advocaten, Utrecht, The Netherlands
- Brand & Partner, Moscow, Russia
- Brauneis, Vienna, Austria
- BHD Buhler Duggal & Henry LLP, New York, USA
- Deustua Halperin, Lima, Peru
- Farthouat & Associés, Paris, France
- FDL Studio legale e tributario, Milan, Italy
- Hammurabi & Solomon Partners, New Delhi, India
- Herfurth & Partner, Hanover, Germany
- Hristova Lawfirm, Sofia, Bulgaria
- Jordán Barahona & Asociados, Santiago de Chile, Chile
- Karytinis Partners, Athens, Greece
- Key Legal, Brussels | Arrow Advocaten, Knokke, Belgium
- Laytons ETL, London, UK
- LEXTRUST Avocats, Luxemburg, Luxemburg
- Steenaert, Utrecht, Netherlands
- Muheim, Zug, Switzerland
- Nyborg & Rørdam, Copenhagen, Denmark
- PNST Pacheco Neto Sanden Teisseire, Sao Paulo, Brazil
- Saône Rhône, Cabinet Juridique, Lyon, France
- Yamaner & Yamaner, Istanbul, Turkey

Imprint

<i>Contributed by / Authors</i>	<i>Published by</i>
<p>John Molenaar Bolt Advocaten Utrecht www.boltlaw.nl</p>	<p>ALLIURIS A.S.B.L. Alliance of International Business Lawyers Avenue des Arts 56, B-1000 Brussels / Belgium</p>
	<p><i>Editors</i> Chief editor (responsible): Ulrich Herfurth</p>
	<p><i>Management</i> ALLIURIS A.S.B.L. Luisenstr. 5 D-30159 Hannover Fon ++49 511 30756-0 Fax ++49 511 30756-10 Mail info@alliuris.org Web www.alliuris.org</p>
<p>All information in this publication is provided to the best of our knowledge and does not constitute legal advice. Neither Alliuris nor Bolt Advocaten assume any liability for the provided information, except in cases of intent or gross negligence. Reproduction, including excerpts, requires prior permission from the editors.</p>	