

ITPS PRODUCT PORTFOLIO

The Netherlands: Tax Planning Opportunities

The Netherlands - Products / structures

1. Holding structures
2. Licensing -
3. Financing -
4. Commission -
5. Trading -
6. Asset protection –
7. Cash box -

General - Features of the Netherlands

- Political stability, acceptance, confidence and professional infrastructure
- Extensive bilateral investments treaty network
- Extensive and appropriate treaty network and access to EU Directives
- Participation exemption
- No withholding tax on interest and royalties
- Possibilities to reduce Dutch dividend withholding tax
- No capital tax, no CFC-rules
- Ruling practice

General - Dutch double tax treaty network

A	F	M	Slovakia
Albania	Finland	Macedonia	Slovenia
Argentina	France	Malawi	South Africa
Armenia	G	Malaysia	Spain Sri Lanka
Aruba	Georgia	Malta	Surinam
Australia	Germany	Mexico	Sweden
Austria	Ghana	Moldova	Switzerland
Azerbaijan	Greece	Mongolia	T
B	H	Morocco	Taiwan
Bahrain	Hungary	N	Tajikistan
Bangladesh	I	New Zealand	Thailand
Barbados	Iceland	Nigeria	Tunisia
Belarus (White Russia)	India	Norway	Turkey
Belgium	Indonesia	O	U
Bonaire, Saba, St. Eustatius (BES-countries)	Ireland	Oman	Uganda
Brazil	Israel	P	Ukraine
Bulgaria	Italy	Pakistan	United Arab Emirates
C	J	Panama	United Kingdom
Canada	Japan	Philippines	United States of America
China	Jordan	Poland	USSR
Croatia	K	Portugal	Uzbekistan
Czech Republic	Kazakhstan	Q	V
D	Korea	Qatar	Venezuela
Denmark	Kuwait	R	Vietnam
E	Kyrgyzstan	Romania	Y
Egypt	L	Russian Federation	Yugoslavia (Montenegro and Serbia and Bosnia-Herzegovina)
Estonia	Latvia	S	Z
	Lithuania	Singapore	Zambia
	Luxembourg	St. Maarten	Zimbabwe

General - rates

Corporate income tax rates 2011 and 2012:

- Taxable amount up to and including € 200,000: 20%
- Taxable amount exceeding € 200,000: 25%

No withholding tax on interest and royalty payments

Dividend withholding tax rate:

- General: 15%, but possible reductions:
- To qualifying EU parent (owning at least 5%): 0%
- To parent in certain tax treaty countries: 0%
- In case of use of Dutch cooperative: 0%

General - pitfalls

- Limitation on interest deduction
- Dividend withholding tax
- Taxation of income from substantial interest not forming part of the business capital
- VAT - rules

1. Holding – Features of a preferred holding company location

- Political stability, acceptance, confidence and professional infrastructure
- Extensive and appropriate treaty network and/or access to EU Directives
- No tax on dividends and capital gains
- No (or possibilities to reduce) withholding tax on dividends, interest and royalties
- No limitation on deduction of interest
- No capital tax, no CFC - rules
- Ruling practice

1. Holding – General outline of Dutch participation exemption

Content:

- Dividends received are fully exempt from Dutch corporate income tax
- Capital gains realized are fully exempt from Dutch corporate income tax
- Liquidation losses are in general tax deductible

1. Holding – General outline of Dutch participation exemption (continued)

Conditions:

- The corporate tax payer (or a related entity) holds at least 5% of the nominal paid-up share capital of a subsidiary
- The subsidiary is not held as a portfolio investment (portfolio investment: objective is to obtain a return that may be expected with normal asset management) (*motive test*)

Not held as a portfolio investment:

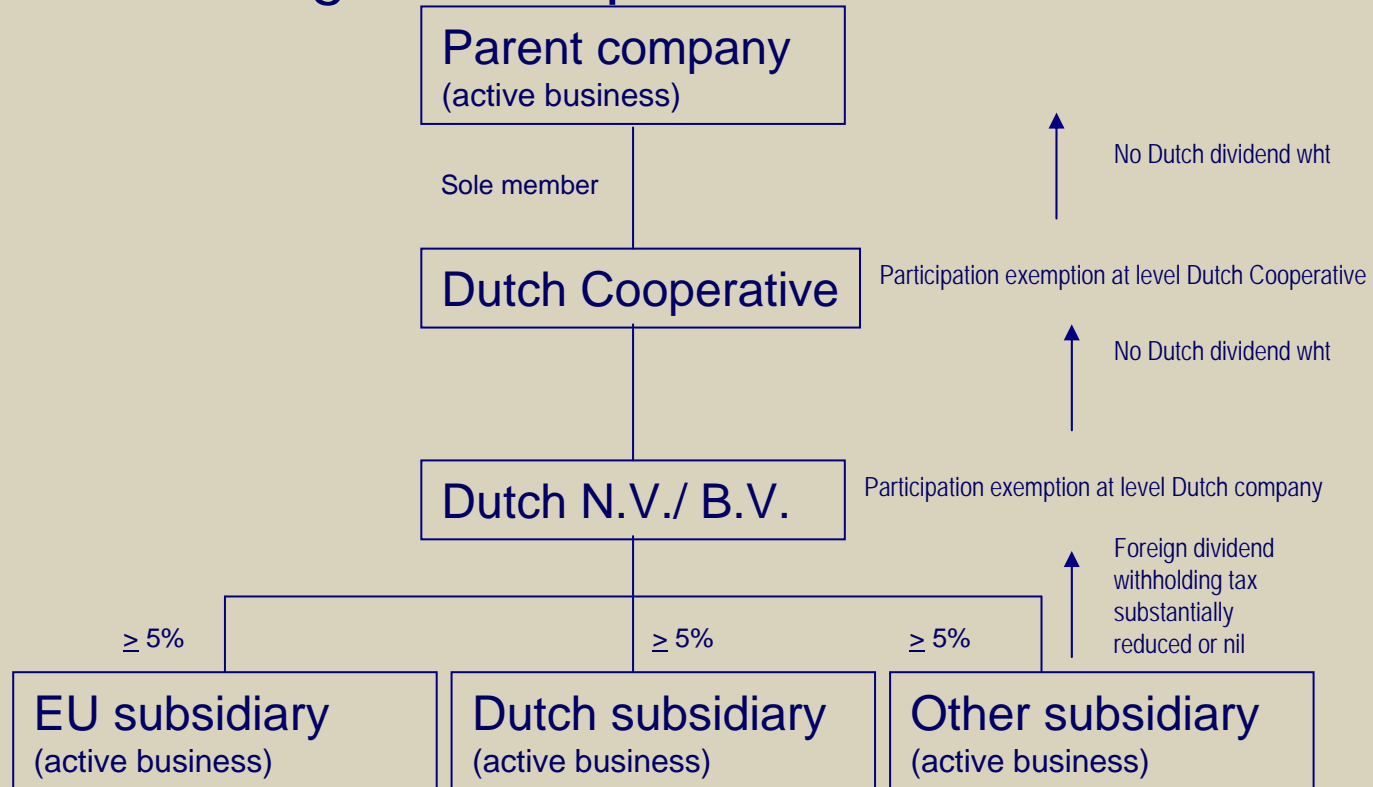
- Subsidiary and (ultimate) shareholder are in same line of business (*business link*), or
- Holding company has actual influence or is involved in the business of the subsidiary (*link function*)

1. Holding – General outline of Dutch participation exemption (continued)

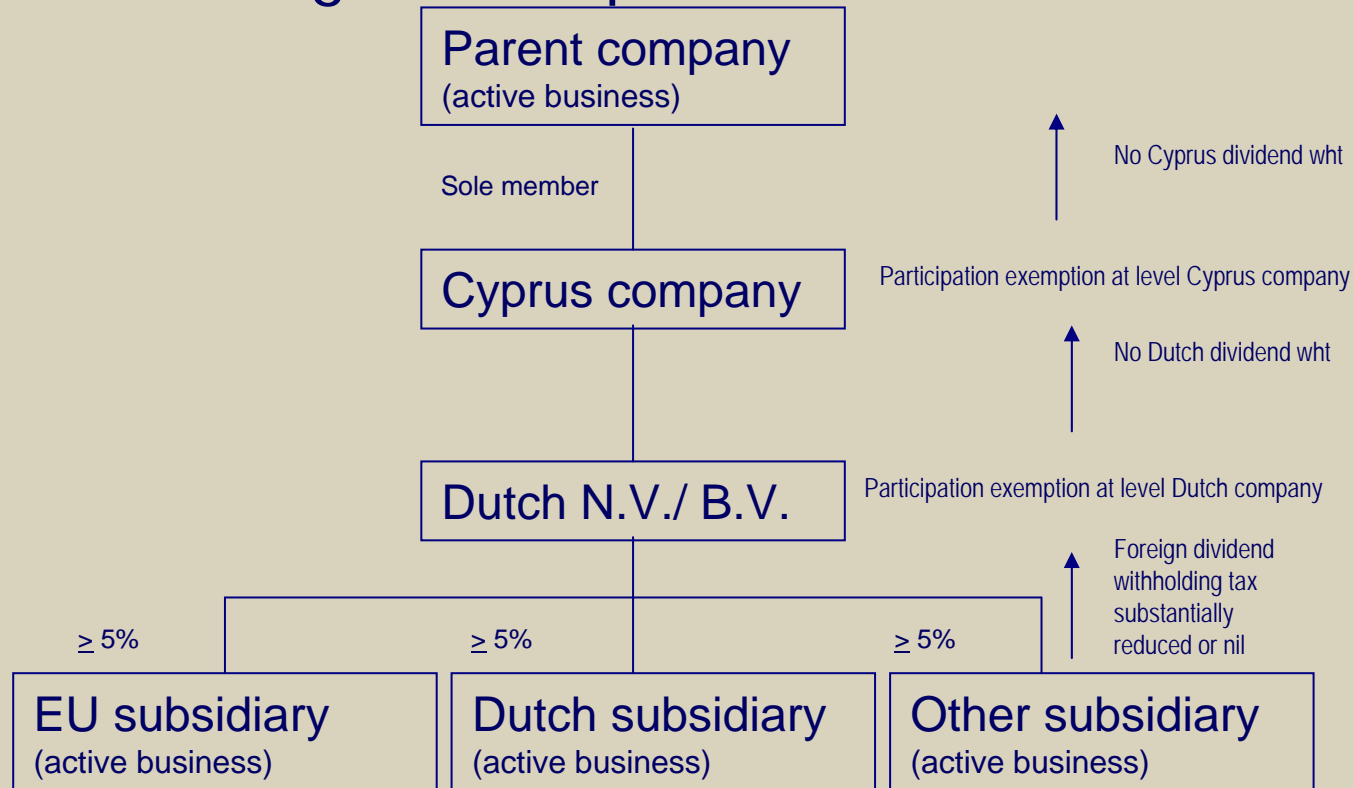
If the subsidiary is (deemed to be) held as a portfolio investment, the participation exemption still applies if:

- The subsidiary is subject to a realistic levy by Dutch standards (generally statutory rate of at least 10%) (*subject-to-tax test*)
- or
- The aggregated assets of the subsidiary usually do not (in/directly) largely (i.e. 50% or more) consist of low taxed (i.e. less than 10%) portfolio investments (*asset test*)

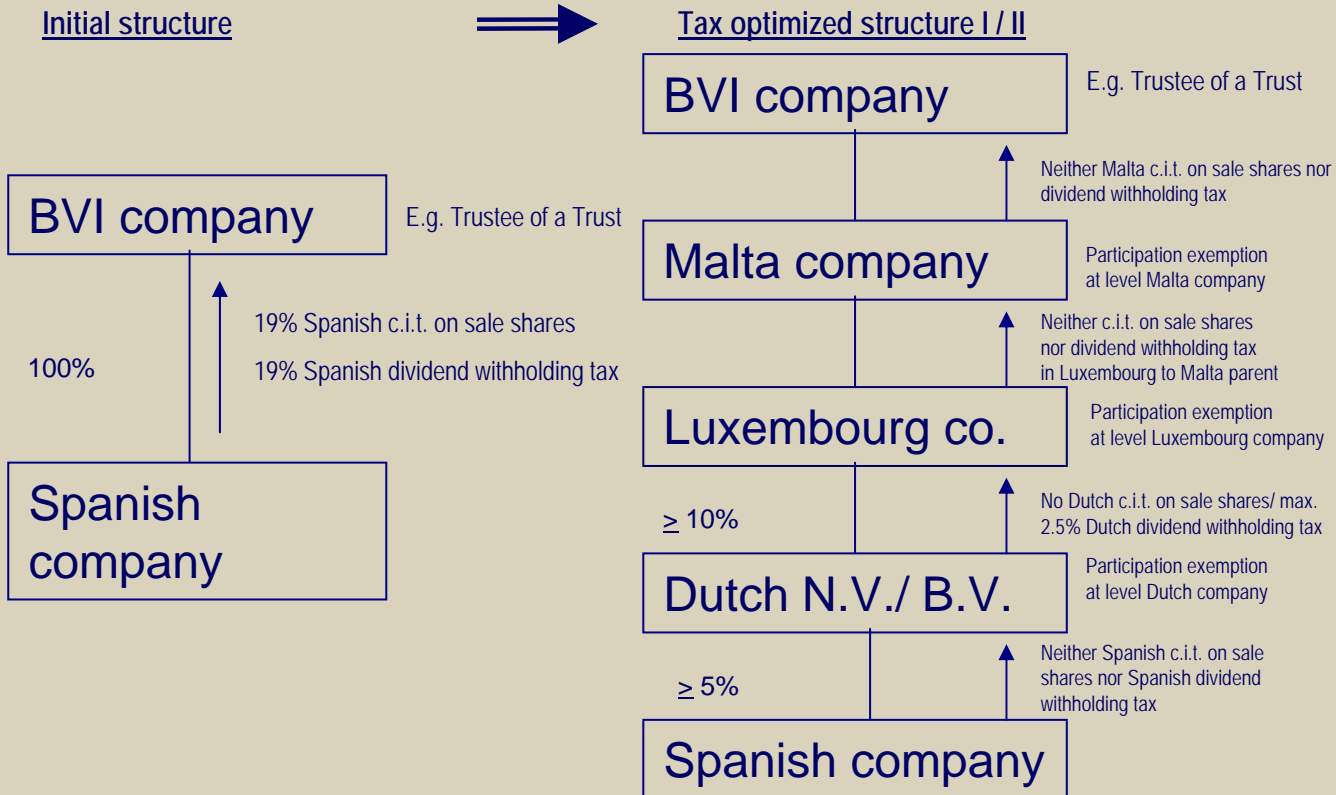
1. Holding – Example structure 1 / 5



1. Holding – Example structure 2 / 5



1. Holding – Example structure 3 / 5

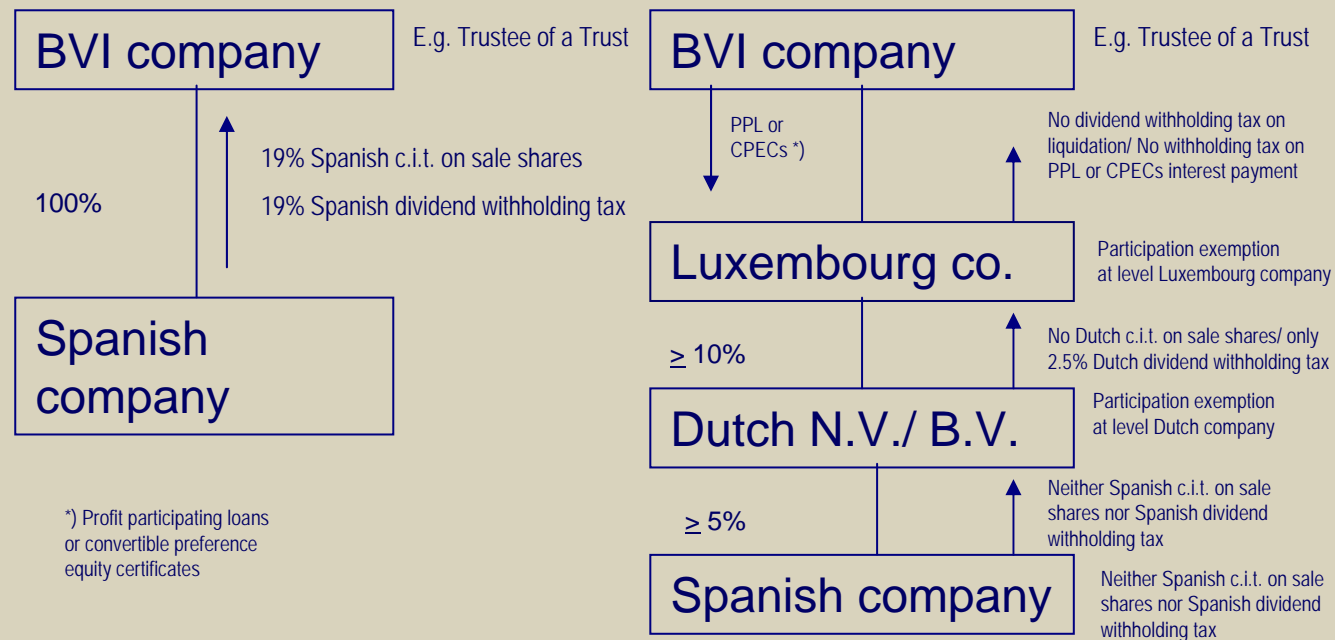


1. Holding – Example structure 4 / 5

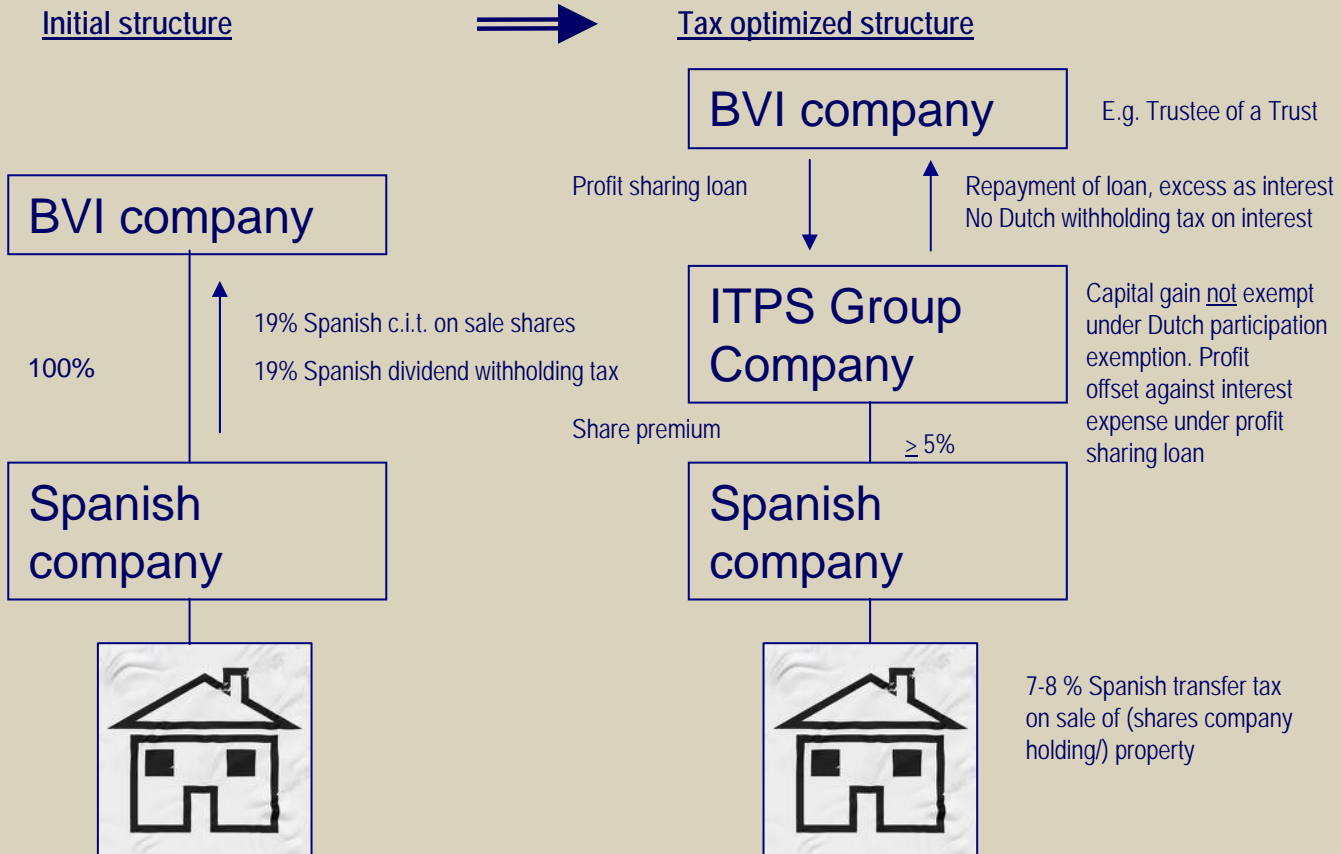
Initial structure



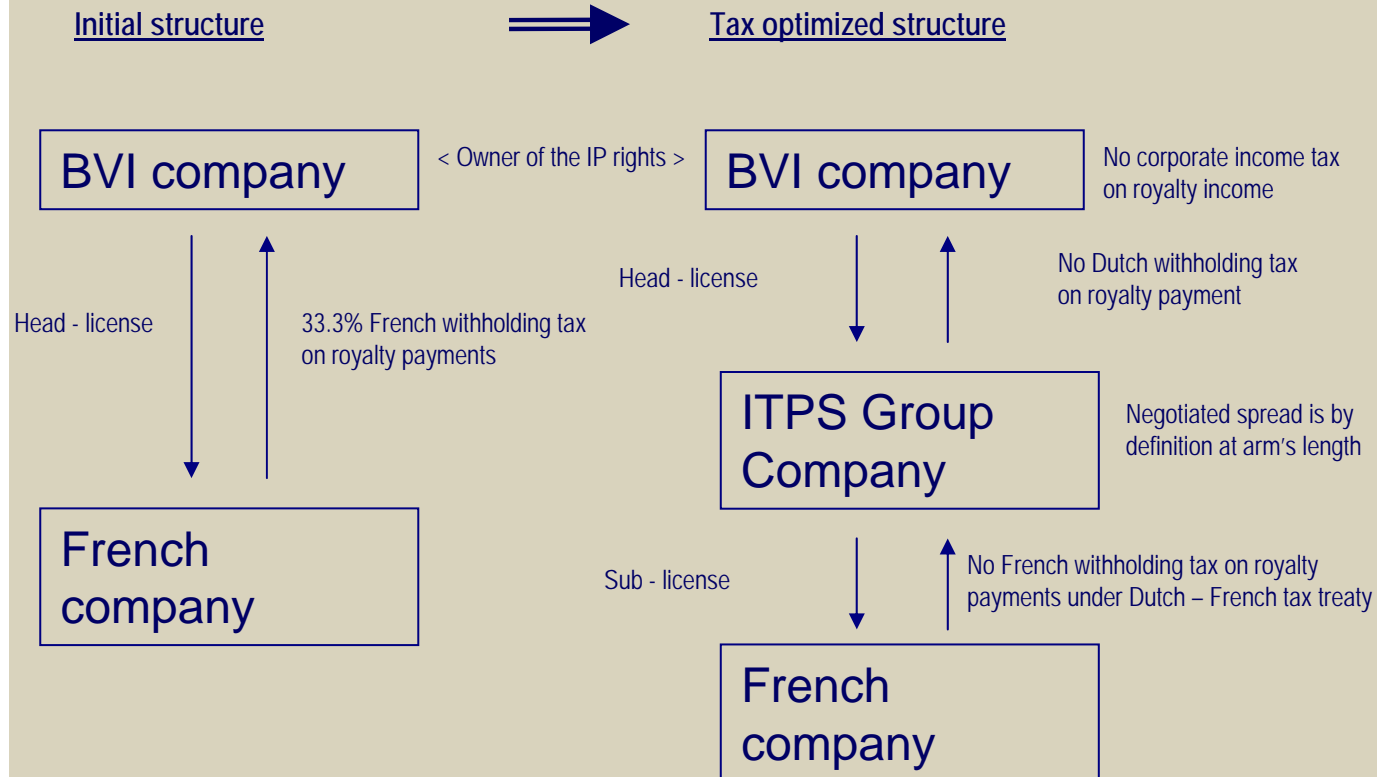
Tax optimized structure II / II



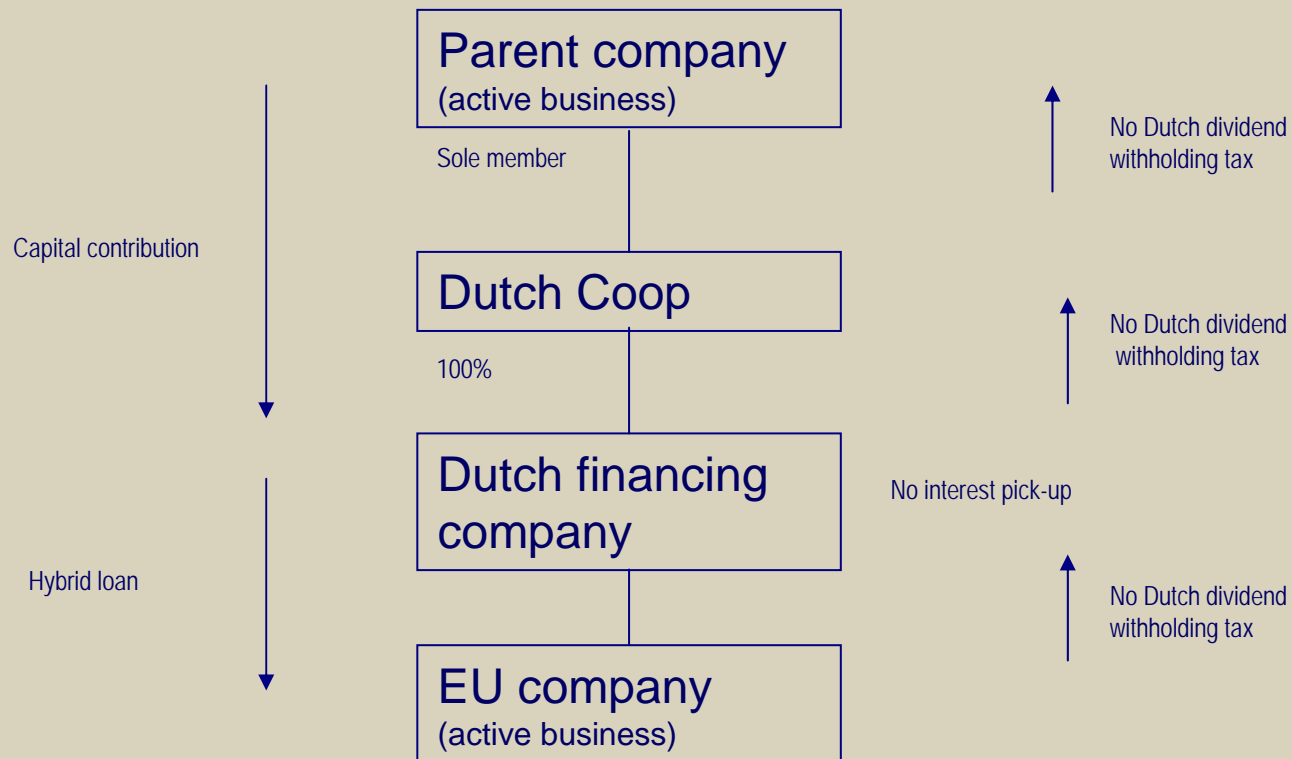
1. Holding – Example structure 5 / 5



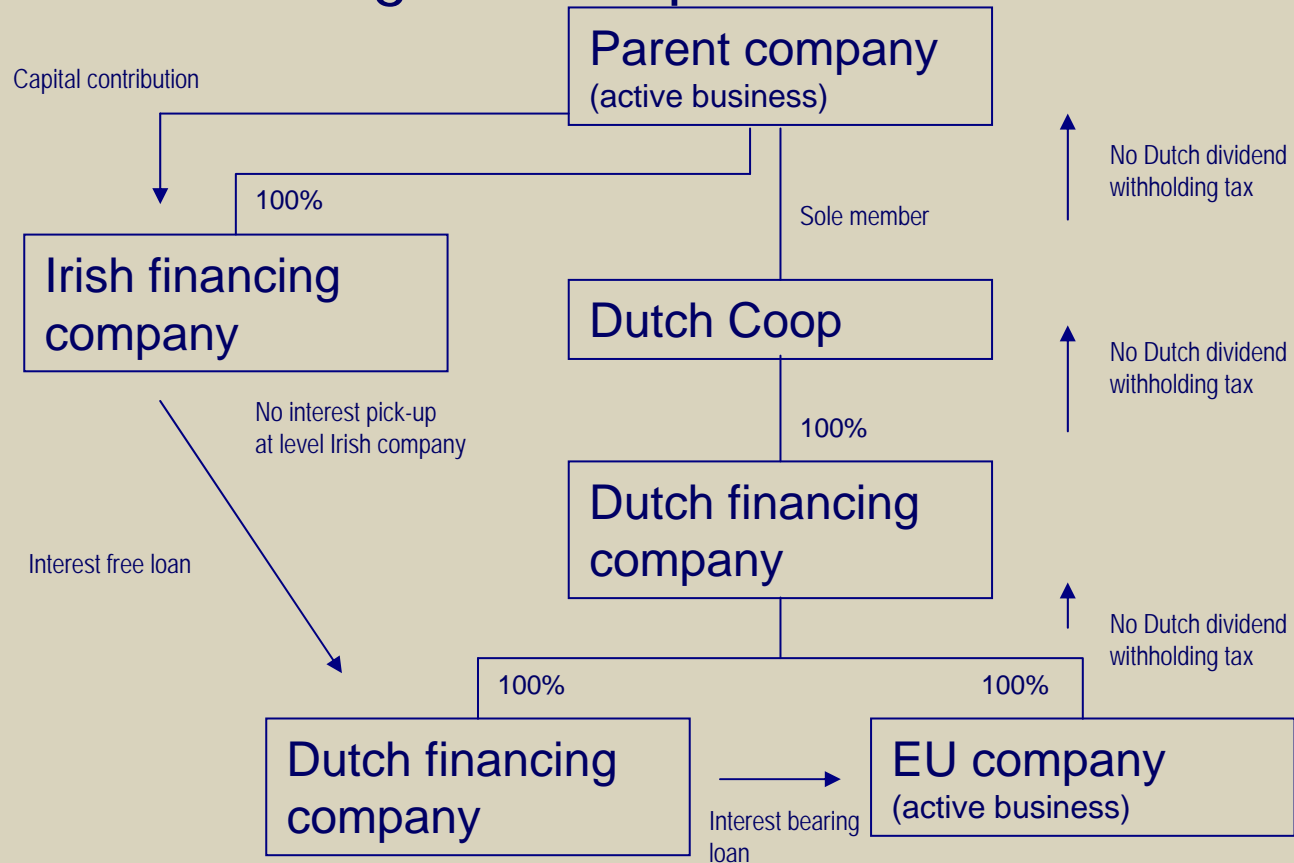
2. Licensing – Example structure



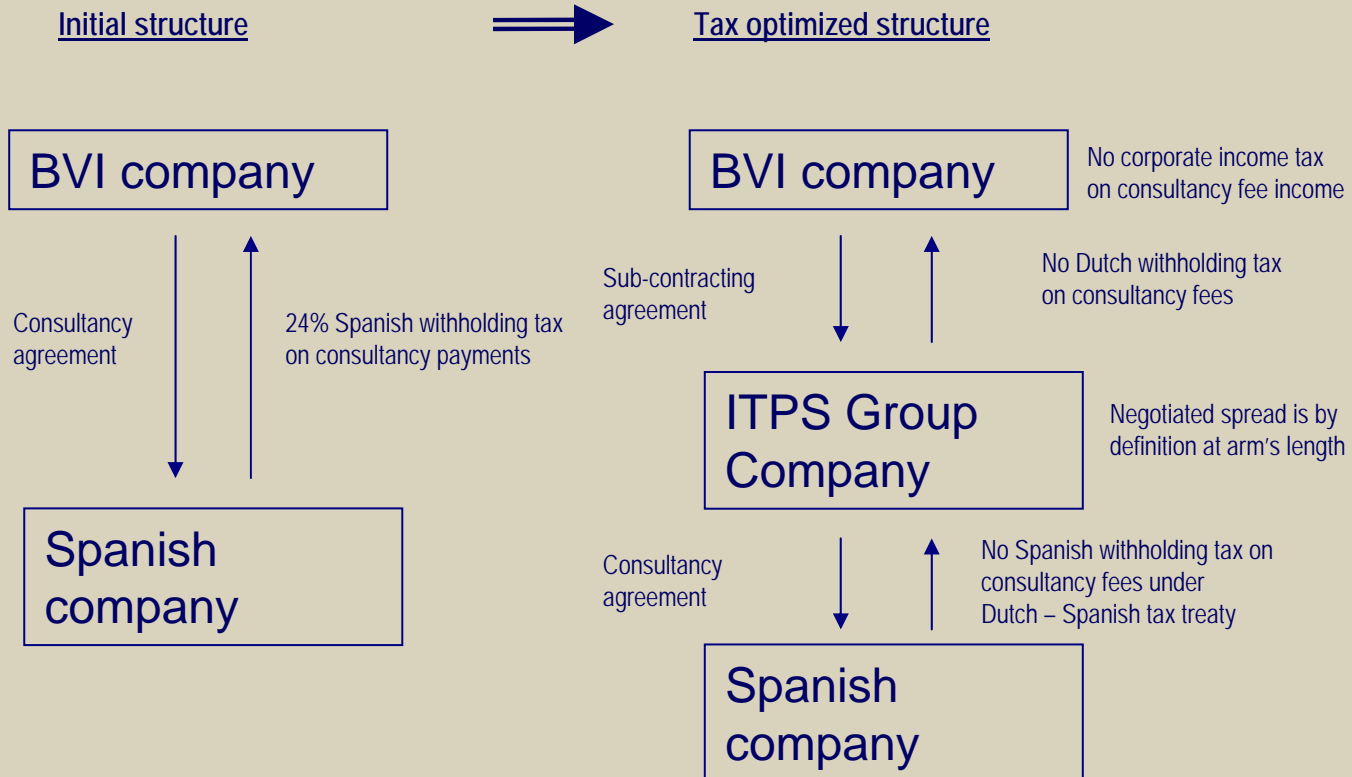
3. Financing – Example 1 / 2



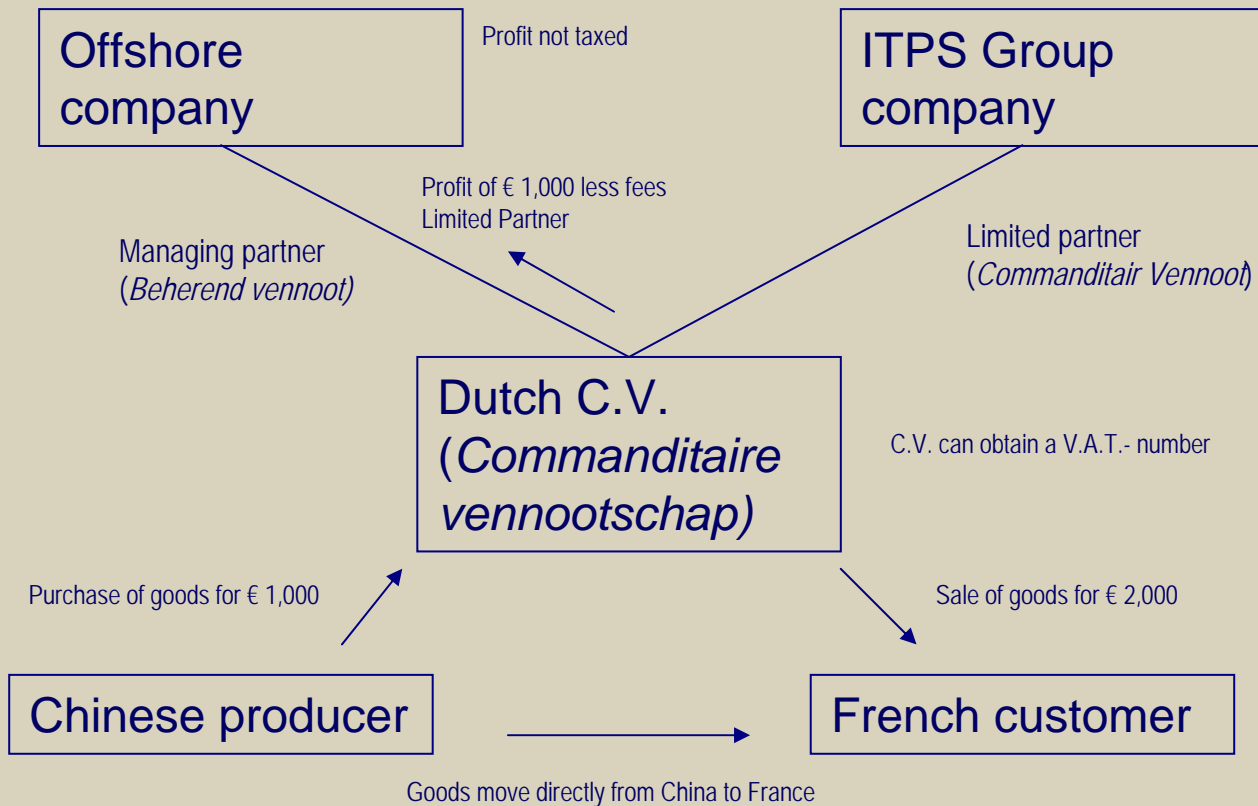
3. Financing – Example 2 / 2



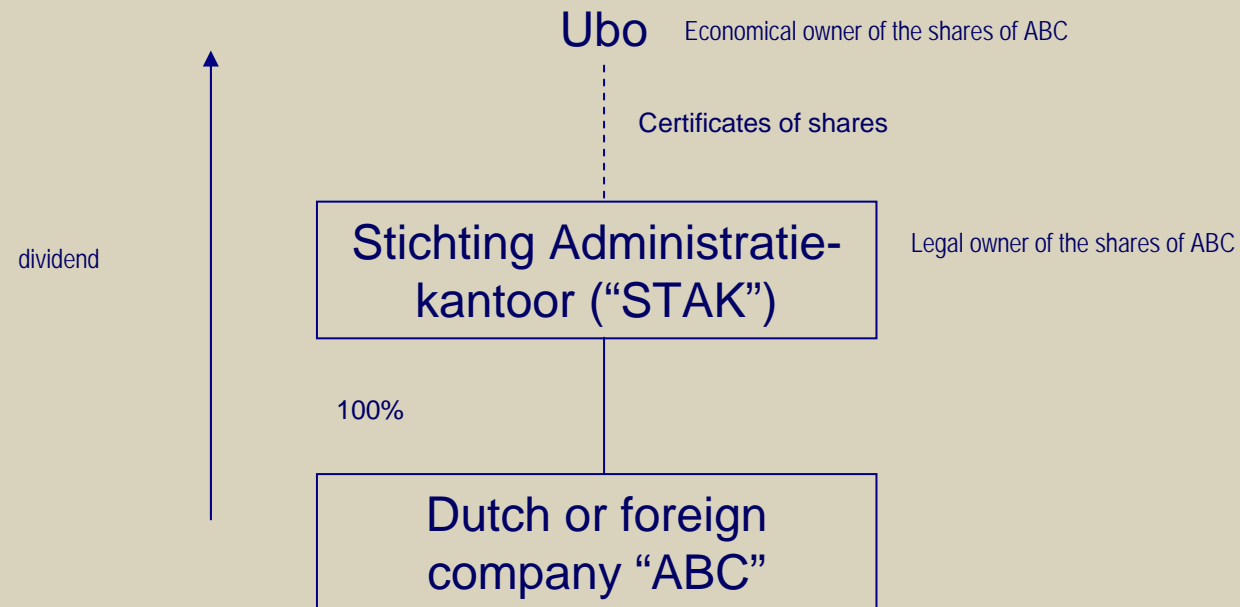
4. Commission – Example structure



5. Trading – Example

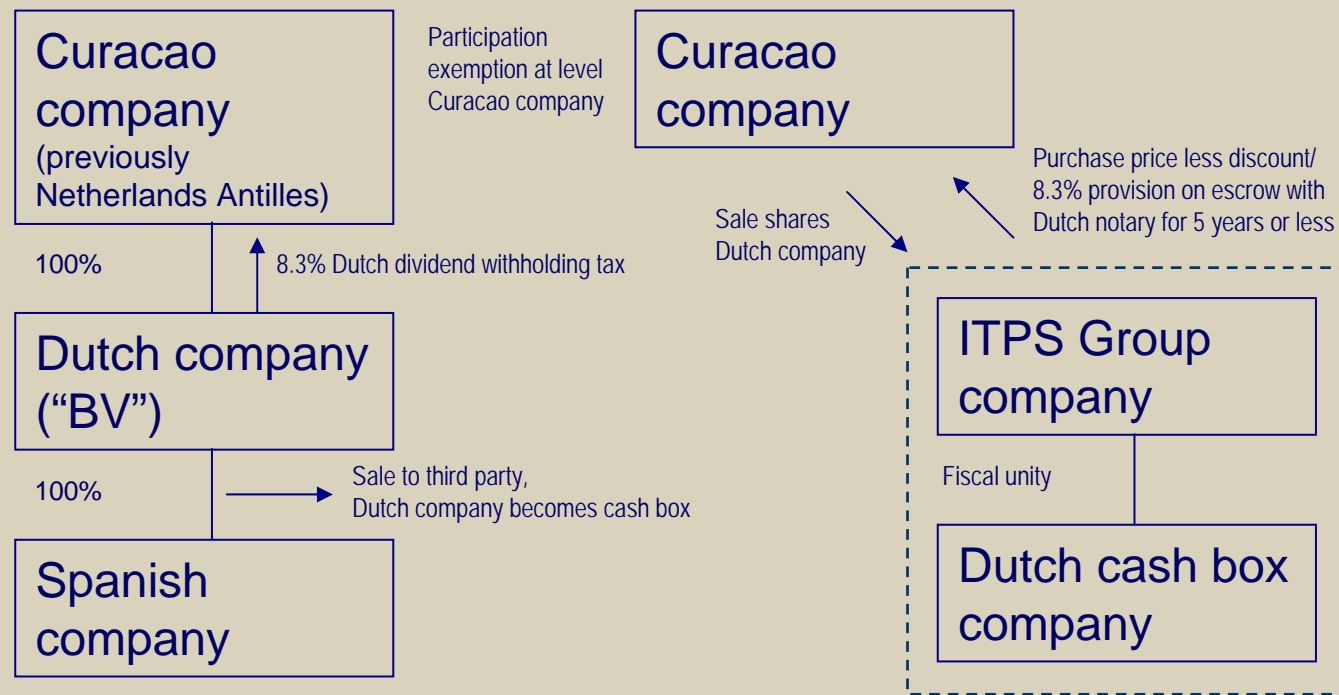


6. Asset protection – Example



7. Cash box – Example structure

Initial "Dutch Sandwich" structure \Rightarrow Tax optimized structure: Cash box purchased by ITPS *



*) NB: to be implemented before 31-12-2012

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The ITPS Group

INTERNATIONAL TAX PLANNING AND STRUCTURE SERVICES

The ITPS Group

Needs of clients

As business is becoming more international, organizations are seeking ways to minimize the incidence of taxation linked to it. On the other hand, organizations as well as individuals are seeking international ways to optimize their profits and to protect their assets. The increasing complexity of (tax) laws necessitates careful planning and consideration of the structure to be established and maintained. Customers require highly specialized professional services.

Mission

The purpose of ITPS is: doing the best the things that the customer values most. The focus is long term customer satisfaction. The mission of the ITPS Group is to create value for its customers through the provision of professional services in the field of international tax planning and structure, designed to optimize the customer's after tax profits.

Services

The objective of ITPS is to meet customer needs for international tax planning and structure by rendering "total offering" services with the highest standards of professional and personal service combined with complete confidentiality.

This comprehensive offering comprises not only the advice for international tax planning (i.e. for legal and tax questions), but also implementation to establish and maintain structures.

These services include, but are not limited to: International tax planning; Company formation, registered office facility, management, accounting and tax compliance; Trust and foundation formation and administration; Licensing and sub-licensing of intellectual property rights.

The services ITPS does not provide, but which we are rendered by correspondents, include auditing, legal opinions, litigation and portfolio investment.

Why you should use The ITPS Group

The ITPS Group holds an unique position in each of these jurisdictions for the following reasons:

1. Market oriented (and not product oriented):

ITPS focuses on meeting the needs of the clients;

2. Rendering international tax planning and structure (trust) services:

Tax planning and structure services are complementary. Planning is of no use if you do not structure it. Moreover you can not efficiently structure if you do not take the first step: plan the structure. Therefore, the services of ITPS are not restricted to trust services. Since ITPS has the combined skill and experience for more than ten years, high quality is ensured;

3. All included fixed fees for structure (trust) services:

In each jurisdiction, tax structure services are charged at annual fixed fees, generally payable in quarterly installments in advance. Tax planning services are charged at an hourly rate;

4. One contact person is possible for several jurisdictions;

5. Independent:

There is no conflict of interest. ITPS works with all other skilled professionals and (financial) institutions as the client deems appropriate;

6. Personal contact and continuity:

ITPS focuses on long-term customer satisfaction, providing proactive, personal, attentive and competent services;

7. Regular meetings:

Customers and correspondents are visited on a regular basis (three to four times a year) to touch base and to discuss opportunities and problems that may have arisen, without a fee being charged;

8. Tax sparring and education:

ITPS strives to built up a (tax) sparring relationship with customers and correspondents in order to keep each other abreast in a fast changing environment. A quarterly newsletter on international tax planning, the International Tax Planning Newsletter, is sent to inform customers and correspondents on the changes in legislation;

9. An excellent network:

Since ITPS is not part of an international network, it has built up a network of highly skilled professionals to work with.

www.itps-group.com

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Disclaimer:

The information contained in this ITPS Product Portfolio has been compiled as accurately as possible. Nevertheless it cannot be warranted that it is free of errors or up-to-date. ITPS accept no responsibility for any errors, omissions or otherwise.