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- The Most Efficient Route out of The Netherlands
The Barbados – Netherlands Holding Structure



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Introduction

The Barbados – Netherlands double tax treaty became effective on January 1st, 2008. This new tax treaty provides the most attractive route out of The Netherlands for dividends and capital gains as it incurs no withholding taxation on such distributions.

This new route is a more efficient solution than The Netherlands – Netherlands Antilles route ('The Dutch Sandwich') and more flexible than The Netherlands – Cyprus route.

Using a Netherlands holding company can provide investors the benefits from The Netherlands' double income tax treaty network. By holding a Netherlands company through a Barbados company, income can be distributed to anywhere in the world without incurring additional income or withholding taxation.

Where a Netherlands company can be used as part of a corporate holding structure clever planning should include the most efficient opportunity to receive your return on investment.

Treaty Benefits

The Barbados - Netherlands treaty establishes the following withholding tax rates:

Dividend	Interest	Royalties
0% ¹ / 15%	5% ²	5% ³

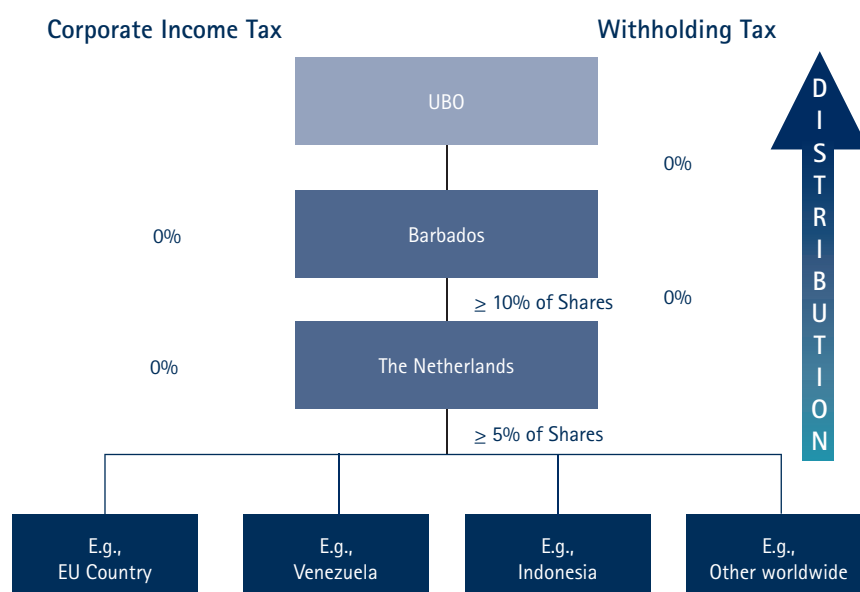
1 Provided the shareholder holds at least 10% of the shares in the distributing company (i.e., the NL Co.)

2 The Netherlands does not levy withholding tax on interest based on domestic law

3 The Netherlands does not levy withholding tax on royalties based on domestic law

International Holding Structure

An example corporate structure is illustrated below:



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The main benefits under this structure are provided for the movement of dividends from the Netherlands through Barbados. Royalties and interest income enjoy comfortably reduced treaty rates over non-treaty rates however; the Barbados Participation Exemption is effective only for the receipt of dividends.

Dividends

Income from subsidiaries of a Netherlands company can usually be distributed to The Netherlands at reduced income treaty rates, or under the EU Parent Subsidiary Directive (at 0% withholding tax). The income can be received in The Netherlands without incurring Netherlands income taxation under The Netherlands' Participation Exemption¹.

A Netherlands company can send the dividends received to a Barbados parent company, pursuant to the new Barbados – Netherlands income tax treaty with 0% withholding tax. In Barbados, certain foreign dividends can be received free of income taxation under the Barbados Participation Exemption². The received dividends can be up streamed to the shareholders anywhere without any Barbados withholding taxation.

Capital Gains

Capital gains received at the level of a Netherlands holding company³ are exempt from taxation provided such gains qualify for The Netherlands Participation Exemption⁴.

Capital gains are not taxable under Barbados law.

Entities Required for Treaty Benefits

The entity required to obtain the benefits of the Treaty is one qualifying as a resident in either State. In Barbados, qualifying entities include the Inc., Corp., SRL, and Ltd., but not the Barbados IBC (i.e., the International Business Company). In The Netherlands, qualifying entities include the BV and the NV, which are neither low taxed, passive nor subject to a special tax regime.

Comparison to other Netherlands Holding Structures

In comparing the Barbados – Netherlands holding structure to other attractive Netherlands holding structures it is clear the Barbados – Netherlands structure is the most beneficial holding structure in the market today.

1 The Netherlands company holds at least 5% of the shares of the underlying subsidiary distributing the income and such subsidiary is not considered a low taxed passive company under Netherlands law.

2 Dividends earned by resident companies, including IBC's, from holdings in foreign (non-resident) companies would be exempt from tax, provided the Barbados company owns more than 10% in of the dividend-paying company and the holding is not merely a portfolio investment.

3 For example: Upon the sale or liquidation of (part) of the structure.

4 Recipient must hold at least 5% of the capital of an underlying distributing entity; distributed income does not qualify as return on portfolio investment.

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	NL – BBD	NL – NA	NL – CY
Dividend Withholding Tax	0% ¹	8.3% ²	0% ³
Capital Gains	0%	0% ⁴	NL taxation ⁵
Holding Period	None	1 year	2 years ⁶

The Most Efficient Exit Route

The new route for distributing Netherlands dividends and capital gains through Barbados provides the highest flexibility in holding period and required ownership percentage and achieves 0% taxation.

Implementation

Both the entities and the income must qualify under the treaty to receive the benefits provided by the Barbados – Netherlands Treaty. The treaty definitions of the types of income include no special differences from that generally used in treaties. Amicorp has in-house knowledge for the optimal implementation of this structure. Interested parties are invited to contact their nearest Amicorp Group office to further discuss the potential benefits this new treaty can provide for international investment structures.

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- 1 Receiving entity must hold 10% of the capital in the distributing company
- 2 Under the Tax Arrangement for The Kingdom of The Netherlands (TAK/BRK), the recipient must hold at least 25% of the shares of the subsidiary entity
- 3 Under the European Parent Subsidiary Directive, the recipient must hold at least 15% of the shares in the distributing company (10% as of 2009).
- 4 Recipient must hold at least 25% of the shares of the subsidiary entity
- 5 Capital gains do not qualify for the European Parent Subsidiary Directive. Netherlands corporate income taxation applies. Alternatively, a liquidation and distribution strategy can be applied preventing capital gain taxation in The Netherlands.
- 6 A two year holding period is required to apply to the European Parent Subsidiary Directive.

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