

## European Headquarter Tax Comparison NL-UK for Holding Structures

UK	NL
<b>1. Inbound (taxation on flows to holding country)</b>	
Dividends/interest/royalties (received by holding company)	
Foreign tax credit for tax paid on dividends/interest/royalties paid to the holding, provided holding holds 10% or more of the voting rights (no participation exemption).	Fully exempt from Dutch corporate income tax (CIT), if participation exemption applies.
<b>2. Holding (taxation at holding level)</b>	
Corporate income tax rate	
28%, with a reduced rate to 21% (22% in 2009) for the first GBP 300,000 of taxable income, and 29.75% (29.5% in 2009) for income between GBP 300,000 and GBP 1,500,000.	25.5%, with a reduced rate to 20% for the first EUR 200,000.
Tax on capital contributions	
Stamp duty is payable on transfers of UK stock or marketable securities where a transfer document (e.g. stock transfer form) is used: When you buy UK shares you pay a tax of 0.5% on the transaction.	None.
Costs relating to participation (shareholding)	
Interest expenses (f.e. on an acquisition debt) are, in principle, deductible (anti-avoidance conditions apply).	Acquisition or sale of a participation is fully exempt (non-deductible) from Dutch CIT, if participation exemption applies. Interest expenses (f.e. on an acquisition debt) are, in principle, deductible (anti-avoidance conditions apply).
Capital gains (gain on the sale of shares in a subsidiary)	
Taxed at the marginal tax rate. However, gains on disposals by trading groups or stand-alone trading companies (provided the parent company holds 10% or more of the shares) from shareholdings and related holdings in (broadly) trading companies are exempt in most cases.	Fully exempt from Dutch CIT, if participation exemption applies.
Capital losses (losses on the sale of shares in a subsidiary)	
Taxed at the marginal tax rate. Can only be offset against current or future capital gains arising within the same company. However, within a UK group of companies (ownership restrictions apply) capital assets can be transferred tax-free.	Fully exempt (non-deductible) from Dutch CIT if participation exemption applies, except in case of a liquidation of the subsidiary.
Controlled foreign company (CFC)	
A CFC is a company that is not resident in the UK, is controlled by UK residents, and is subject to a lower level of taxation (generally less than 75%) of what it would have paid had it been UK-resident. If these conditions are met and no exemption applies, the UK company will pay corporation tax on its share of the CFC's income (ignoring capital gains).	No CFC legislation.

<b>3. Outbound (taxation on flows from holding country)</b>	
Withholding tax on dividend payments by the holding company	
None.	In principle, 15%, which may be reduced by virtue of tax treaties to 5% or even 0%. Dividends to a qualifying EU parent company (generally owning at least 5% of the nominal share capital in the Dutch holding company) qualify for a 0% rate.
Withholding tax on interest payments by the holding company	
In principle, 20%, which may be reduced by virtue of tax treaties to 0%. Interest payments to qualifying EU companies may be exempt, if they meet the conditions for the EU Interest and Royalty Directive.	None.
Withholding tax on royalty payments by the holding company	
In principle, 22%, which may be reduced by virtue of tax treaties to 0%. Royalty payments to qualifying EU companies may be exempt, if they meet the conditions for the EU Interest and Royalty Directive.	None.
Capital gains (gain on the sale of shares in the holding company)	
Does not trigger taxation in the UK.	Taxable with CIT (for individuals at 25%) if: parent company holds 5% or more of the shares; and these shares are not attributable to a business enterprise of the parent company. If these conditions apply, dividends received by the parent company would also be taxed with Dutch CIT. However, these conditions are not often met and a ruling can also be obtained with the tax authorities to confirm this.
<b>4. General</b>	
ATRs (Advanced tax ruling; negotiations with the tax authorities)	
No advance tax ruling, but advance clearance may be obtained for certain transactions.	Extensive ruling practice.
Anti-abuse provisions	
General anti-avoidance provisions.	General "fraus legis" (anti-avoidance) provisions and anti-dividendstripping rules.
<p><b>Important Note:</b> The information contained in this overview has been compiled with great care by the Netherlands Foreign Investment Agency and is accurate to the best of its knowledge at the time of compilation. However, this document is provided for informational purposes only and no rights can be derived from it.</p>	