

# Going for gold as an entrepreneur in the Netherlands?

The latest survey of the Economist Intelligence Unit shows that the Dutch business climate is currently the best in the world. Buck Consultants International ranks the Netherlands first as a location for a European distribution center, second as a location for a European head office, and fifth as a European high tech production facility location.

These surveys seem to indicate that with regard to setting up a business in Europe, the Netherlands holds a royal flush. Expatriates are often tempted to start their own business in the Netherlands, perhaps now more than ever. The economic growth is slowing down and some expatriates/employees are feeling the pressure. Time to take matters into your own hands? Setting up your own business may sound easy but what is involved from a residence/legal point of view?

## Residence permit

If an expatriate intends to start an enterprise in the Netherlands, he or she may in certain cases obtain a residence permit based on self-employment. The application procedure with Aliens Police/IND may take a considerable amount of time and the preparations need to be well executed but a huge advantage is that a work permit is no longer necessary.

In order to qualify the applicant has to substantiate that the Dutch economic interest will be served with the intended economic activities. This might be fairly difficult to prove. Emphases on innovation and fair competition are recommendable, as is proof of the absolute necessity of the expatriate's presence for the new company. In most cases Aliens Police/IND will ask the Dutch Department of Economic Affairs (or another competent Department) for advice on the proposed (new) activities. Different rules apply to EU citizens, and to U.S. and Swiss nationals.

## Registration of the new company

The expatriate/entrepreneur will have to register the new company with the Chamber of Commerce. Usually the Chamber of Commerce demands some evidence regarding legal residency in the Netherlands. A residence permit will cover this requirement. Depending on the activities the expatriate/entrepreneur may register a sole proprietorship (eenmanszaak), a corporation (B.V.) or another form of legal entity.

Generally, in order to do business in the Netherlands and send invoices to your Dutch clients a VAT number is needed. The Dutch Tax Department will usually issue a VAT number following proof of the actual business. A registration extract from the Chamber of Commerce and some business references (potential clients) should go a long way in satisfying the Tax Department.

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## In closing

Documents such as a detailed business plan, a sound financial prognosis showing sufficient source of income, and balance sheets, approved by an accountant, will help convince the Aliens Police/IND that the expatriate's intended economic activities are viable and will benefit the Dutch economy.

New entrepreneurs are the backbone of continued Dutch economic growth and development. The contribution expatriate entrepreneurs could make, with their international experience, education and know how, should make a substantial difference.

This article is for informative purposes only, is general in nature, and is not intended to be a substitute for competent legal and professional advice. Dutch rules and regulations regarding aliens, work permits, visas and residence permits are continuously subject to change.

