Destination
the Netherlands

Looking for an alternative due to Brexit
Brexit will have a major impact on the financial services sector in the UK. For UK-based financial institutions this means they have to reconsider their legal and organisational structure, as well as the place to establish their headquarters, branches or subsidiaries. If you are considering leaving the UK due to Brexit, Dutch cities like Amsterdam and Rotterdam definitely are an attractive destination for relocating your business to.

The Netherlands is not only centrally situated in Europe and has excellent infrastructure and accessibility, our country is also leading when it comes to its labour force and quality of life. Furthermore, the benefits of establishing your business in the Netherlands are its affordable office space, the financial environment, the attractive tax climate and robust supervisory system. All the factors you have to take into account when considering a new seat.
Facts and figures

- **#1 EF English Proficiency Index** worldwide
- **Rotterdam ranks #1** of the cheapest international business locations in Europe
- **Seven-minute train ride from Amsterdam business district to Schiphol airport**
- **#4 on Global Competitiveness Index of the World Economic Forum** in 2017
- **One of the fastest internet speeds**: average 2016 17.3 Mbps
- **Twelve Dutch multinationals listed in the Fortune 2016 Global 500**
- **7,643,000 m² of office space available nationwide**
- **Amsterdam ranks #12** of the most liveable cities in the world
- **Participation exemption**: conditionally no income tax on dividends and capital gains
- **Leading role in retirement pensions management**
- **30% tax-free wage for expats**
- **Supervision through twin-peaks model** of the DNB and the AFM
The Netherlands scores excellent on accessibility as described, for example, in the brochure of the Amsterdam Financial Centre.

Amsterdam has frequent and direct flight and railway connections with Paris, Frankfurt and London. The connectivity with the rest of Europe is also good. The same is true for Rotterdam. The second-largest city of the Netherlands is connected with the European high-speed rail network and Rotterdam The Hague Airport can be reached within 30 minutes.

Furthermore, the Dutch are frontrunners in Europe when it comes to digital infrastructure. The world’s largest data transport hub is located in its capital: the Amsterdam Internet Exchange (AMS-IX). The Netherlands also has one of the fastest internet speeds in Europe (see Akamai’s [state of the internet] Q3 2016 report).
Office space

The availability and quality of office space in the Netherlands are good.

According to the factsheet of Cushman & Wakefield, there is 7,643,000 m² of office space available nationwide and the average rents are €132 per m²/year, relatively low compared to other major financial centres. The city of Amsterdam has several business areas, all with excellent public transport connections. The financial and business services sector is strongly represented at the Zuidas (South Axis) business district with, among other things, the head office of ABN AMRO Bank, Akzo, numerous legal firms and foreign banks. There is a large metro, tram and train station with trains going to Schiphol Airport, a seven-minute ride. More detailed information can be found in the brochure of the Amsterdam Financial Centre.

The centrally-located ‘Rotterdam Central District’ business centre in Rotterdam is home to multinationals like Unilever, Shell and Robeco. Rotterdam shows strong performance in key business sectors like Agri-food, Energy, Life Sciences & Health, Business Services (including Insurance & Risk), Chemical, Oil & Gas, according to Rotterdam Partners. Furthermore, Rotterdam ranks number 1 in Europe on KPMG’s Competitive Alternatives 2016, our guide to international business location costs.

It is good to know that the Netherlands climbed to the fourth place on the Global Competitiveness Index of the World Economic Forum in 2017.
The Amsterdam Financial Centre also mentions the high quality of both the labour force and the country’s educational system as another driver for setting up your business in the Netherlands.

Did you know that the Netherlands is number one on the EF English Proficiency Index worldwide? Another characteristic of the Dutch labour environment is its favorable tax climate. A tax advantage for expats, on the one hand, is the possibility for their employers to grant a free (untaxed) reimbursement for the extraterritorial costs they incur. On the other hand, employers may provide expats with a 30% tax facility, which means that 30% of their wage, including reimbursement, is tax free.

The Dutch bonus cap on remuneration may also be a relevant factor. This cap limits variable remuneration of certain financial undertakings to 20% of the fixed remuneration. There are exemptions to this bonus cap. Recently, DNB issued guidance to one of these exemptions, clarifying that international holding companies may apply a bonus cap of 100%; see for example information of law firm De Brauw Blackstone Westbroek.

The country boasts an affordable high standard of living in a multicultural society. At the same time, it retains an inviting, communal atmosphere, especially in its city centres, where bikes are the main form of transportation. Open, rural land is never far away from office buildings and cities. Combined with cultural, sporting and other spare-time activities, the Netherlands makes an extremely attractive location for both locals and expatriates.

According to the brochure of the Amsterdam Financial Centre. In terms of rankings, we are proud to mention that Mercer placed Amsterdam on spot 12 of most liveable cities in the world in 2017.
Financial environment

The Netherlands is already an attractive investment location for financial institutions. Many leading corporations located their headquarters in our country.

Twelve Dutch multinationals are listed in the Fortune Global 500 in 2016, including ING Group, Aegon, Achmea and Rabobank Group. The Amsterdam area also hosts branches of foreign banks such as Bank of Scotland, Barclays Bank, HSBC, Deutsche Bank, BNP Paribas, Citibank.

Additionally, Amsterdam has a strong and long-established trading community, housing some of the world’s leading market-making firms, such as IMC, Flow Traders and Optiver. As a major asset management centre, it is also home to one of the world’s largest asset management firms, APG. Amsterdam’s position as a financial centre is further strengthened by being a major market infrastructure hub, including trading venues such as Euronext, TOM MTF, and ICE Endex, and clearing service providers such as ABN AMRO Clearing, EuroCCP and ICE Clear.

According to the Amsterdam Financial Centre.

Other interesting advantages of locating headquarters in the Netherlands are mentioned in our brochure Establishing your business in the Netherlands, and include, for example, a strong, high-quality financial and business services sector, a leading role in the field of retirement pensions management, quality of the workforce and a supportive tax environment.
The participation exemption is one of the examples of the attractiveness of the Dutch corporate income tax system. This encompasses that all benefits related to a qualifying shareholding (generally, holdings of 5% or more), including dividends and capital gains (and losses), are fully exempt from Dutch corporate income tax. Foreign-based results of Dutch resident legal entities are also fully exempt from Dutch corporate income tax provided that specific requirements have been met. Other tax attractions are listed in our brochure Investment in the Netherlands, and include, for example, the absence of withholding tax on interest (except for certain profit-sharing loans), royalties and branch profits.

The Dutch corporate income tax system also has a flexible approach to losses, which generally can be carried forward for nine years and carried back for one year. Also, an important feature is the Dutch ruling practice under which the Dutch tax authorities and the taxpayer can enter into binding agreements, in advance, regarding the tax consequences of various cross-border arrangements, such as corporate restructurings or investments. The Dutch tax authorities have a unit dedicated to providing advice to foreign investors, and members of this unit are authorised to agree on rulings related to investments in the Netherlands.

The Dutch tax authorities also have a unit fully dedicated to the Financial Services Industry and responsible for all tax matters with respect to insurance and bank companies operating their business in the Netherlands either as legal entity or as a Dutch branch of a non-Dutch resident legal entity.

The Dutch corporate income tax system has a flexible approach to losses.
Supervisory system

Financial institutions that wish to operate in the Dutch financial market or choose the Netherlands as a base to passport their financial services to other EU member states require authorisation from DNB, the European Central Bank or the AFM.

DNB issues authorisations to insurers, payment institutions, electronic money institutions, trust offices and clearing institutions. The AFM issues authorisations to investment firms, market makers, trading venues, management companies of investment funds, custodians, depositaries, suppliers of investment objects, financial services providers and credit providers. The ECB issues banking authorisations.

The criteria that the DNB assesses during licence applications include, but are not limited to: reputable and financially strong ownership, corporate governance arrangements, sustainability of business model, fairness of product, integrity and suitability of key personnel, appropriate risk oversight, capital and solvency projections, an own risk and solvency assessment, financial information and projections, consumer protection subjects and anti-money-laundering requirements. Our experience is that AFM and DNB tend to have a more rule-based approach in their supervisory tasks. With regard to local presence, for example, our experience is that regulators favour a certain degree of management substance in order to be in control of the business. More information about the application process, such as timelines and application forms, can be found online with DNB and the AFM. These sites also offer guidance on various subjects, like outsourcing.

Supervision through twin-peaks model of the Dutch central bank, DNB, and the Authority for the Financial Markets, AFM.
Our capability

We realise that the exposure to Brexit varies per financial institution. Whether risk or opportunity, KPMG can help you assess the impact.

KPMG in the Netherlands has over 500 Financial Services (FS) professionals (Audit, Advisory and Tax) and is connected to our global network of member firms. Our dedicated FS team consists of many industry specialists, former DNB and tax-authority staff.

Relevant publications
Contact one of our FS Brexit team members:

Cuno van Diepen
Director KPMG Advisory
NL Brexit coordinator
Financial Services
KPMG Netherlands
T. +31 (0)20 656 7963
E. vandiepen.cuno@kpmg.nl

Martijn Berghuijs
Director KPMG Advisory
Banking & Payments
KPMG Netherlands
T. +31 (0)20 656 7196
E. berghuijs.martijn@kpmg.nl

Michèle van der Zande
Partner KPMG Meijburg & Co
Banking
KPMG Netherlands
T. +31 (0)88 909 1345
E. vanderzande.michele@kpmg.com

Evelien Vlastuin
Manager KPMG Advisory
Insurance
KPMG Netherlands
T. +31 (0)20 656 7257
E. vlastuin.evelien@kpmg.nl

Otto van Gent
Director KPMG Meijburg & Co
Insurance
KPMG Netherlands
T. +31 (0)88 909 1593
E. vangent.jo@kpmg.com

Lennart Catte
Director KPMG Advisory
Asset Management & Investment Firms
KPMG Netherlands
T. +31 (0)20 656 2949
E. cattel.lennart@kpmg.nl

Gert-Jan van Norden
Partner KPMG Meijburg & Co
Asset Management
KPMG Netherlands
T. +31 (0)88 909 1025
E. vannorden.gert-jan@kpmg.com

www.kpmg.nl/en