



STARTING A NEW BUSINESS IN THE NETHERLANDS

TYPES OF BUSINESS STRUCTURES

PRIVATE LIMITED COMPANY (BESLOTEN VENNOOTSCHAP [BV])

A BV is incorporated pursuant to the execution of a notarial deed of incorporation before a civil-law notary. There are no minimum capital requirements for the BV. The management structure of a BV consists of the board of directors and the General Meeting of shareholders. A BV is an autonomous entity, separating ownership and management.

PUBLIC LIMITED LIABILITY COMPANY (NAAMLOZE VENNOOTSCHAP [NV])

An NV must have authorized share capital. The issued and paid-up capital of an NV must be at least € 45,000. In general, an NV is more strictly regulated and mainly used to incorporate companies that are very large and/or will be listed on the stock exchange.

CO-OPERATIVE (COÖPERATIE)

A business cooperative is a legal entity that supports the business interests of the members in certain areas. The members of an entrepreneurs' cooperative work independently but can also join forces to take on certain projects. This legal form is ideal for self-employed individuals without their own employees.

FOUNDATION (STICHTING)

A foundation is a legal entity that does not have any members or shareholders and is governed solely by its board. A foundation is incorporated with the aim of realising a specific goal by using capital designated for that purpose. The goals or objectives of a foundation are stipulated in its articles of association. Foundations are often used to create a separation between legal and beneficial ownership of assets.

SOLE PROPRIETORSHIP (EENMANSZAAK)

One person is fully responsible and liable for the business. A sole proprietorship does not possess legal capacity and there is no distinction between the business assets and private assets of the person.

GENERAL/COMMERCIAL PARTNERSHIP (VENNOOTSCHAP ONDER FIRMA [VOF])

A general partnership is not a legal entity, making partners jointly and severally liable to the obligations of the entity. A VOF and its partners must be registered in the Commercial Register at the Chamber of Commerce. No minimum start-up capital is required.

PROFESSIONAL PARTNERSHIP (MAATSCHAP)

In case of professional partnerships, the partners practice a profession under a shared name. A partnership is an arrangement by means of which at least two partners, who may be individuals or legal entities, agree to conduct a joint business. Each partner brings money, goods and/or manpower into the business. Registration with the Chamber of Commerce is required for a professional partnership.

LIMITED PARTNERSHIP (CV)

A limited partnership is a special form of the general partnership (VOF) which has both active and limited (or sleeping/silent) partners. The silent partner is liable only up to the amount of his capital contribution.

ASSOCIATIONS (VERENIGING)

Associations are non-profit entities established in order to achieve a given objective. It comprises of minimum two members with all members having an equal right to vote. The associations are of two types:

Associations with full legal capacity: The members are not personally liable for the obligations of the entity.

Associations with limited legal capacity: The members become personally liable for the liabilities of the entity. Moreover, this type of association cannot own a registered property.

Branch vs Subsidiary:

A branch is not a separate legal entity. It is a permanent establishment of the parent company and is used to carry out business operations. Hence, the parent company that establishes the branch is liable for business operations carried out by the branch.

A subsidiary is a separate legal entity established by one or more shareholders.

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