

Netherlands
Chamber of
Commerce
Australia

Doing Business in The Netherlands

**A guide for Victorian businesses
exporting to the Netherlands**

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partnership with:



Content

- [4 - Foreword by Hugo Klijn, Consul General for the Kingdom of the Netherlands](#)
- [5 - Foreword by Danni Jarrett - CEO of Global and Invest Victoria](#)
- [7 - The Netherlands, your gateway to Europe](#)
- [9 - Sectoral connections](#)
- [10 - Practical information - Workforce & Talent](#)
- [13 - Practical information - Innovation & Entrepreneurship](#)
- [14 - Practical information - Infrastructure](#)
- [16 - Practical information - Tax regime](#)
- [24 - EU- Australia Free Trade Agreement \(FTA\)](#)
- [26 - Case Study: GenieGrips](#)
- [30 - Help with exporting to the Netherlands](#)
- [34.- Other helpful organisations](#)



Dear Reader,

It gives me great pleasure to write an introduction to this digital Export Guide, compiled by the NCCA with the support of KPMG and Global Victoria. The main aim of the Guide is to stimulate interest in the Netherlands as an export market for Victorian companies. The ABS places bilateral trade in goods between the Netherlands and Victoria at around A\$1.3 billion in 2022 up 16.8% compared to 2021. The timing of this publication is fortunate, because Dutch-Australian relations are in good shape and evolving as we speak.

The Netherlands and Australia maintain long-standing and time-tested historical relations, that include shared wartime experiences both in Asia – when Dutch officials and military personnel evacuated from the East Indies to Australia – and in Europe – when Australian aircrews provided urgent food relief to occupied parts of the Netherlands. After the war, significant numbers of Dutch emigrants established communities in Australia who helped to develop their new home country.

During 2022, a series of events marked 80 years of successful bilateral diplomatic relations. Today's economic relationship is on a firm footing as well. The Netherlands counts as Australia's fifth source of Foreign Direct Investment and ranks as its second biggest trading partner in the EU.

Renowned Dutch companies operate in Australia in the fields of financial services, health and agricultural technology, but increasingly also smaller enterprises, such as tech start-ups, find their way. In reverse (and partly as a result from Brexit), Australian companies express keener interest in the Netherlands, often considered a gateway into the EU's sizeable internal market.

New areas of interest are renewable energy, with a bilateral Memorandum of Understanding on Clean Hydrogen having been signed at the beginning of this year, and the so-called Circular Economy, in the framework of which Australia has identified the Netherlands as a partner to look into innovative ways to reduce waste and better utilise resources in order to decarbonise the economy. At the same time, the EU and Australia are negotiating a Free Trade Agreement that will hopefully be signed this (European) summer and that will eliminate existing trade tariffs and barriers, paving the way for increased volumes.

In a time of geopolitical turbulence, with war raging in Europe and mounting tensions in the Asia-Pacific region, there are sound reasons to diversify relationships and cement ties with like-minded partners, distant or not. In that context, the future of our bilateral relationship, including with the State of Victoria (which now boasts Australia's biggest city), holds great promise and I sincerely hope that the publication of this Guide will contribute to its fulfilment.

With best regards,

Hugo Klijn
Consul-General

As home to the largest population of Dutch-born residents in Australia, Victoria shares a long-standing and vibrant relationship with the Netherlands. Through strong people-to-people links, this relationship has continued to thrive over recent decades into what is now a dynamic and modern bilateral relationship. The Netherlands is Victoria's second largest export market in the European Union, after Germany. Similarly, the Netherlands is a leading investor in Victoria as the 12th largest foreign investor in the state over the last five years.

Today, the links between the Netherlands and Victoria continue to grow through areas of mutual strength in energy and renewables, fintech and agtech, life sciences, advanced manufacturing and the circular economy, presenting opportunities for both Victorian and Dutch businesses to expand into each other's respective markets.

Furthermore, Victoria and the Netherlands are uniquely placed to not only offer ideal export destinations in their own rights, but also to assist companies launch to even larger regional markets. Victorian companies have historically relied on the UK as a springboard into the European market. Post-Brexit, the Netherlands is now an ideal location for Victorian companies to expand internationally - as a competitive, innovative market but also as a gateway for businesses into the European Union.

It is a particularly exciting time for Victoria's relationship with the Netherlands and Europe. The Victorian Government looks forward to the successful conclusion of negotiations for a free trade agreement (FTA) between Australia and the European Union (EU). An Australia-EU FTA is a critical opportunity to deepen an already important trade and investment relationship at a time of great global disruption and uncertainty.

In 2023, Victoria opened a new Trade and Investment Office for Europe in Paris. Under the leadership of Victoria's Commissioner for Europe, Gönül Serbest, the responsibility of this office is to strengthen the State's presence, profile, reach and trade and investment connections across the region - including the Netherlands. Along with Global Victoria's team in Melbourne, our offices in Europe stand ready to support Victorian companies to successfully expand into the region.

At this exciting time, the objective of this guide is to provide a "go-to" resource for Victorian companies interested in expanding to the Netherlands. By bringing together the Netherlands Chamber of Commerce Australia (NCCA), the Netherlands Foreign Investment Agency (NFIA) and KPMG, this guide provides Victorian companies unique insights into the Netherlands and useful tips along their export journey. The guide is supported by the Global Victoria Trade Alliance (GVTA) - a unique partnership between the Victorian Government peak industry associations, business organisations and bilateral chambers - including the NCCA. The Alliance aims to help Victorian exporters adapt their export strategies to respond to the rapidly changing global market conditions by connecting them with new markets, helping them adapt their export strategies and helping them remain globally competitive.

Thank you to our partners for bringing together this important document at an extremely exciting and opportune time for Victorian companies interested in this vibrant export market. As ever, the teams at Global Victoria look forward to supporting Victorian companies to reach their full potentials in international markets, including the Netherlands.

Danni Jarrett
CEO Global Victoria and Invest Victoria



ANNO 1895

 Groningen



The Netherlands, your gateway to Europe

Investing in the Netherlands or utilising it as a springboard to export to Europe offers numerous advantages and opportunities for Victorian businesses looking to expand their operations into the European market. With a strong and stable business environment, the Netherlands has consistently been recognised as one of the top countries in the world to do business, making it an ideal strategic choice for companies of all sizes. From startups to Fortune 500 leaders, businesses from around the globe have chosen the Netherlands as their reliable business base in Europe, and the country's dynamic and international business ecosystem is ready to welcome new investors.

One of the key reasons to invest in the Netherlands is the **business-friendly approach of the Dutch government**. Committed to stimulating innovation, sustainability, and digitalisation, the Dutch government provides a supportive framework that helps companies thrive. Regulators and authorities are dedicated to providing the necessary information and tools for businesses to succeed, creating an environment that fosters growth and encourages entrepreneurial initiatives. Additionally, the Netherlands has been ranked as the world's most connected economy by DHL, highlighting its strong connectivity and open environment that facilitate business expansion and collaboration.

Geographical advantage is another compelling reason to choose the Netherlands as an investment destination. Situated in a strategic location, the country provides great access to customers, suppliers, and partners across Europe. With 95% of Europe's most lucrative markets located within close proximity, businesses in the Netherlands can easily reach their target markets and establish strong relationships with key stakeholders. The country's advanced logistics infrastructure ensures efficient transportation by road, rail, water, or air, allowing for seamless movement of goods and services. For trade by sea, the Netherlands boasts major ports such as the Port of Rotterdam, Europe's largest port, as well as the Port of Amsterdam and North Sea Ports. When it comes to air transport, Amsterdam Airport Schiphol, centrally located in Europe, serves as a global hub, connecting businesses to an extensive network for cargo and international travel. With such accessibility and connectivity, companies can conduct their operations swiftly and effectively, minimising time and costs.

Moreover, the Netherlands offers a range of other favourable factors that make it an attractive investment destination. The country boasts **a skilled and educated English-speaking workforce**, providing businesses with the talent and expertise they need to thrive in today's competitive landscape. The Netherlands also provides accessible programs and initiatives to enhance innovation and support research and development activities. This commitment to technological advancement ensures that businesses can stay at the forefront of their industries and drive growth through innovation.

The Netherlands, your gateway to Europe

Furthermore, the Netherlands is known for its **state-of-the-art infrastructure**, encompassing advanced transportation networks, reliable digital connectivity, and top-notch facilities. This infrastructure enables businesses to operate smoothly and efficiently, facilitating the movement of goods and services within the country and across borders.

Importantly, the political and economic landscape of the Netherlands is characterised by **stability and reliability**. The country has a strong rule of law, transparent governance, and a favourable investment climate that provides certainty and confidence to businesses. With a well-developed financial system and a solid economy, the Netherlands offers a stable foundation for long-term business growth and sustainability.

In summary, investing in the Netherlands or using it as a gateway to export to Europe presents a wealth of opportunities for businesses. The country's strong and stable business environment, combined with its strategic geographical location, extensive connectivity, skilled workforce, support for innovation, advanced infrastructure, and stable political and economic landscape, make it an attractive choice for companies seeking to expand their presence in Europe. By establishing a presence in the Netherlands, businesses can benefit from a thriving business ecosystem, access to lucrative markets, and a favourable regulatory framework, enabling them to thrive and succeed in the dynamic European marketplace.

Agriculture

The Netherlands is an excellent destination for expanding Victorian agricultural businesses due to its position as the world's second-largest exporter of agricultural products. The country boasts renowned knowledge institutions like Wageningen University & Research, which is the top-ranked agrifood university globally. The Netherlands has attracted major agrifood companies such as Nestlé, Danone, Unilever, Syngenta, Cargill, and DSM Firmenich, who have established significant production or R&D operations in the country. Moreover, what Silicon Valley means for IT, IA and software is what Seed Valley means for plant varieties and seed technology. The Dutch agricultural sector's ingenuity and expertise make it an ideal place for exporting businesses in this industry.

Life Sciences & Health Innovation

The Netherlands has solidified its position as a leading hub for life sciences and health innovation in Europe. Similar to Victoria, the country has a track record of producing top minds and groundbreaking innovations in global health. It ranks among the top 10 worldwide for patents in medical technology, biotechnology, and pharmaceuticals. This environment of innovation and expertise makes the Netherlands an attractive destination for businesses in the life sciences and health sector looking to expand internationally.

Energy Transition

The Netherlands is a magnet for specialists in the energy industry due to its progressive policies and emphasis on innovation. The country is at the forefront of the global energy transition and has become a hub for cutting-edge solutions such as offshore windfarms, hydrogen hubs, floating solar panels, and smart grid communities. With its forward-thinking approach and supportive ecosystem, the Netherlands offers an ideal environment for businesses involved in the energy sector to thrive and contribute to sustainable energy solutions.

Financial Services & FinTech Innovation

The Netherlands has established itself as a leading centre for finance and fintech, encompassing investment, payments, trading, insurance, and green and inclusive finance. The country's open financial regulatory system, excellent digital infrastructure, and high rate of tech innovation adoption make it highly attractive for fintech entrepreneurs. The Netherlands ranks third in Europe for venture capital funding and is one of the largest markets for payments and peer-to-peer lending. The conducive environment for fintech innovation and the country's robust financial sector make it an ideal destination for businesses in this industry seeking international expansion.



Workforce & Talent

The Netherlands offers a fantastic pool of talent to boost your company's growth. The Dutch workforce is highly educated, productive, diverse, and multilingual, making it an ideal resource for businesses looking to expand internationally. With a population of more than 17 million people, the Netherlands has developed a reputation for its exceptional talent base.

One notable advantage is the widespread English proficiency in the country. With **90% of the Dutch population being fluent in English**, language barriers are virtually non-existent. In fact, the EF English Proficiency Index ranks the Dutch among the best in the world when it comes to English as a second language skills. This linguistic capability enables smooth communication and collaboration with international partners and customers, facilitating seamless business operations.

Moreover, the Netherlands ranks high for its digital skills and outpaces many other European countries in terms of **technology adoption**. According to research by Statistics Netherlands, around half of the Dutch population aged 16 to 74 years possesses above basic overall digital skills. This is significantly higher than the European Union average of 33%. The Netherlands' emphasis on technology and digital literacy is reinforced by its high-quality education system and pragmatic labour laws, which promote continuous learning and professional development.

In recent years, the Netherlands has gained recognition as a leading innovation hub. The European Commission's 2020 Innovation Scorecard ranked the Netherlands 4th in Europe, joining Scandinavian nations at the forefront of innovation. This accolade underscores the country's commitment to fostering a culture of innovation and creativity, which in turn nurtures a talent pool of forward-thinking individuals.

When it comes to the tech industry, the Netherlands shines with its **abundance of skilled professionals**. Amsterdam, in particular, stands out with approximately 250,000 tech workers, boasting a higher density of software developers per million inhabitants than any other European nation. This concentration of talent creates a vibrant ecosystem for technology-driven businesses and offers ample opportunities for collaboration, knowledge-sharing, and networking.

Practical Information

The Netherlands' attractiveness as a talent destination extends beyond its local workforce. While predominantly Dutch, the talent pool in the country also encompasses a diverse array of professionals from across Europe. Thanks to EU regulations, European citizens can live and work in the Netherlands, contributing to a multicultural and diverse workforce. This diversity not only fosters innovation but also provides a broader range of perspectives and expertise to drive business success.

Furthermore, the Netherlands is renowned for its **high quality of life**, which serves as an additional draw for international talent. The country's exceptional healthcare system, efficient public transportation, vibrant cultural scene, and safe environment contribute to a favourable work-life balance. Expatriates and their families receive support through dedicated services such as expat centres and international schools, ensuring a smooth transition and integration into Dutch society.

To attract and retain international talent, the Netherlands offers various immigration options and favourable policies. The highly skilled migrant visa allows companies to bring in uniquely qualified workers with specific expertise for up to five years. Additionally, fast-track immigration programs are available for non-EU citizens earning a certain income threshold. These initiatives demonstrate the country's commitment to providing a welcoming environment for foreign professionals.

The Netherlands provides all the necessary ingredients for companies to thrive and achieve sustainable growth. Its highly educated, diverse, and multilingual workforce, coupled with a strong emphasis on technology and innovation, makes it an attractive destination for businesses seeking to expand internationally. Whether you are in need of skilled professionals, tech-savvy experts, or creative minds, the Netherlands offers a talent pool that is ready to contribute to your company's success.

Innovation & Entrepreneurship

The Netherlands is a culture that fosters innovation and entrepreneurship, providing a fertile ground for groundbreaking ideas to thrive. With a long-standing reputation for ingenuity, the Dutch have a remarkable track record of pioneering inventions, including Wi-Fi, Bluetooth, and the electrocardiogram. This innovative spirit is deeply ingrained in the Dutch mindset, fueling a forward-thinking culture that embraces cross-disciplinary ideas and encourages individuals to challenge the status quo. The country's commitment to investing in the future is evident through initiatives such as the National Growth Fund, which has allocated a substantial budget of 20 billion euros between 2021 and 2025 to support forward-looking innovation. Recognized as a Global Innovation Leader by the Global Innovation Index, the Netherlands is among the top five countries in Europe driving innovation.

The Dutch government plays a crucial role in encouraging innovation by promoting collaboration between the private and research sectors. It not only formulates policies to support innovation but also actively fosters an innovation-friendly business environment. Partnership formation is a key priority, and the government facilitates public-private collaborations to address potential regulatory hurdles and facilitate the development of innovative solutions.

Moreover, the Netherlands boasts a growing network of Field Labs, which serve as real-life testing grounds for new innovations, enabling entrepreneurs and researchers to refine their ideas and bring them to market. Complementing these initiatives are various business support services, such as incubators, accelerators, and subsidised internationalisation programs, which provide invaluable resources and guidance to aspiring innovators.

In the Netherlands, innovation is deeply ingrained in the fabric of society, with a culture that values creativity, collaboration, and continuous improvement. The close proximity of companies, research institutes, and public organisations fosters a collaborative ecosystem where knowledge-sharing and idea exchange thrive. This interconnectedness encourages synergies, accelerates innovation cycles, and propels the development of groundbreaking technologies and solutions.

Furthermore, the Dutch education system emphasises critical thinking, problem-solving, and entrepreneurship, nurturing a new generation of innovators and equipping them with the skills and mindset necessary to drive transformative change.

The Netherlands offers a vibrant and supportive environment for innovation and entrepreneurship. Its forward-thinking culture, government initiatives, collaborative ecosystem, and emphasis on creativity position the country as a hotbed for groundbreaking ideas and transformative technologies. Whether you are an aspiring entrepreneur or an established innovator, the Netherlands provides the perfect ecosystem to turn your vision into reality and make a lasting impact on the global stage.

Infrastructure

The Netherlands boasts world-class infrastructure that serves as a gateway to Europe, providing businesses with unparalleled access to markets and facilitating seamless trade and transport. The country's strategic location, combined with its robust transportation networks, positions it as an ideal choice for companies looking to expand their operations.

The Netherlands benefits from excellent connectivity through its airports, high-speed rail, roadways, and waterways. With major economies like Germany, the United Kingdom, and France just a few hours away, the country offers access to a vast consumer base of 170 million within a 500 km radius and 250 million within a 1000 km radius. This proximity to key markets enhances business opportunities and streamlines distribution channels.

At the heart of the Netherlands' infrastructure are prominent transport hubs, such as the Port of Rotterdam, Europe's largest port, and Amsterdam Airport Schiphol. These hubs enable efficient logistics and distribution capabilities, recognized as among the best in the world. The Port of Rotterdam facilitates international trade by providing access to global markets, while Schiphol Airport is renowned as the world's second-best-connected airport and the fourth-largest cargo airport in Europe. The Netherlands' well-developed high-speed rail, road networks, and waterways further support multimodal transport and distribution, enabling businesses to efficiently reach customers throughout Europe. Such infrastructure ensures smooth international operations and allows businesses to efficiently transport goods and services.

Moreover, the Netherlands excels in digital connections and ranks high in global digital competitiveness. The country hosts one of the world's leading internet exchanges, AMS-IX, and boasts widespread internet access, with 99% of Dutch households connected. This advanced digital infrastructure supports businesses in their digital transformation efforts and facilitates the adoption and exploration of cutting-edge technologies.



Tax regime

When considering international business expansion, understanding the tax landscape and available incentives is crucial. In this regard, the Netherlands stands out as an appealing destination due to its favourable tax policies and incentives. Despite being about a quarter of the size of neighbouring Germany, the Netherlands offers a business-friendly tax environment that attracts companies from around the world.

The country's competitive corporate income tax rates, including a lower rate for profits up to a certain threshold, provide a favourable backdrop for companies to establish their operations. Additionally, the Netherlands boasts an extensive network of nearly 100 bilateral tax treaties, which not only help avoid double taxation but also offer reduced or no withholding tax on dividends, interest, and royalties.

This provides businesses with greater flexibility and cost savings when engaging in cross-border transactions. Furthermore, the Netherlands provides clarity and certainty in advance on the tax consequences of major investments, allowing companies to plan and make informed decisions. The country's participation exemption, efficient fiscal unity regime, and absence of withholding tax on certain payments further contribute to its attractiveness as a tax-efficient jurisdiction. By leveraging these tax benefits and incentives, businesses can unlock opportunities and establish a solid foundation for growth in the Netherlands.

- **Corporate Income Tax Rates:** The Netherlands offers competitive corporate income tax rates of 19% for profits up to €200,000 and 25.8% for profits exceeding €200,000.
- **Innovation Box:** The innovation box offers an effective 9% tax rate on profits generated from (patented) intangible assets, providing a favourable tax regime for innovation-driven businesses.
- **Bilateral Tax Treaties:** The Netherlands has a vast network of nearly 100 bilateral tax treaties, aimed at avoiding double taxation and reducing withholding tax on dividends, interest, and royalties.
- **Clarity and Certainty:** The Dutch tax authorities provide clarity and certainty in advance on the tax consequences of major investments, offering predictability for businesses.
- **Participation Exemption:** The broad participation exemption allows for a 100% exemption on qualifying dividends and capital gains, making it beneficial for European headquarters.

Practical Information

- **Fiscal Unity Regime:** The Netherlands has an efficient fiscal unity regime that enables tax consolidation for Dutch activities within a corporate group, simplifying tax administration.
- **No Withholding Tax:** In most cases, there is no withholding tax on outgoing interest and royalty payments, reducing administrative burden and facilitating cross-border transactions.
- **VAT deferment upon importation:** no actual payment of import VAT.
- **30% Ruling:** The 30% ruling allows employers to offer a tax-free allowance of 30% of employee salaries to compensate for the extra costs incurred by international employees moving to the Netherlands, providing attractive incentives for hiring talent from abroad.

These tax policies and incentives, combined with the Netherlands' business-friendly environment, make it an attractive destination for international businesses seeking tax advantages and a supportive fiscal framework.

The advice provided within this document is of a general nature only. Individual taxation and the associated employment tax obligations depend on personal circumstances. Accordingly, professional tax advice should be sought and you should not rely solely on the general information provided.

Corporate income tax rate of 19% / 25.8%

The Netherlands employs a progressive corporate income tax rate system that offers competitive rates for businesses operating in the country. For taxable profits up to €200,000, the corporate income tax rate is 19%, providing a favourable environment for small and medium-sized enterprises (SMEs). Profits exceeding €200,000 are subject to a rate of 25.8%, which is still relatively low compared to many other countries. This tiered approach ensures that companies of different sizes can benefit from reasonable tax rates, allowing them to allocate their earnings effectively for reinvestment or growth.

Innovation box: effective tax rate of 9%

The innovation box is an attractive tax incentive for companies engaged in research and development (R&D) activities. It allows qualifying businesses to benefit from an effective tax rate of 9% on profits derived from self-developed intangible assets. This reduced tax rate significantly enhances the after-tax returns on innovative activities. To be eligible for the innovation box, companies need to obtain an R&D declaration, which is available through the R&D tax credit (WBSO) regime. Larger companies must also meet additional requirements, such as holding patents, exclusive licences, software programs, plant breeders' rights, or pharmaceutical certifications. By encouraging investments in R&D and protecting intellectual property, the innovation box fosters innovation-driven growth and rewards companies for their technological advancements.

Participation exemption: drive for European headquarters

The participation exemption is a key feature of the Dutch tax regime that promotes the establishment of European headquarters in the Netherlands. This exemption allows qualifying companies to exclude benefits from a qualifying shareholding from corporate income tax. It prevents double taxation within a group of companies by exempting various benefits, including cash dividends, dividends in kind, bonus shares, hidden profit distributions, and capital gains realised upon the disposal of the shareholding. The participation exemption applies to shareholdings of 5% or more, provided they are not held as non-qualifying portfolio investments. This tax advantage has played a significant role in attracting numerous multinational corporations to set up their European headquarters in the Netherlands, contributing to the country's reputation as an international business hub.

Fiscal unity regime

The fiscal unity regime in the Netherlands allows a group of Dutch companies or permanent establishments of foreign companies located in the country to be treated as a single taxpayer for corporate income tax purposes, similar to the Australian consolidation tax regime. By opting for fiscal unity, the companies within the group consolidate their taxable profits, losses, and other tax attributes, resulting in simplified tax compliance and administrative efficiencies.

Instead of filing individual tax returns, the group submits a single consolidated tax return. This regime offers several advantages, including the offsetting of losses incurred by one company against the profits of another within the fiscal unity, facilitating the efficient utilisation of resources within the group. Additionally, the fiscal unity regime enables tax-free transfers of assets between group entities, eliminating the tax consequences that would typically arise from intercompany transactions. The availability of this regime encourages collaboration and consolidation among related entities, supporting business growth and investment within the Netherlands.

Losses: carry-back for one year and carry-forward indefinitely

The Netherlands has implemented favourable rules regarding the utilisation of tax losses, providing flexibility and support for businesses during challenging times. Starting from January 1, 2022, tax losses can be carried back for one year and carried forward indefinitely. This allows companies to offset losses against profits from the previous year, potentially obtaining a tax refund and easing their financial burden.

Moreover, the ability to carry forward losses indefinitely offers long-term planning opportunities, as companies can offset future profits with losses incurred in previous years. However, if in a year the taxable profits are higher than €1,000,000, then the carry forward or carry back of losses is capped at 50% of these higher profits.

Double tax treaties: more than 100 bilateral tax treaties

The Netherlands has entered into a wide network of nearly 100 bilateral tax treaties, including a tax treaty with Australia. The purpose of these treaties is to avoid double taxation. Moreover, in many cases, these treaties allow for a reduction, or exemption, of withholding taxes on dividends, interest and royalties.

VAT: deferment of import VAT

Although VAT (GST) is highly integrated in the EU, the member states have some discretion in certain areas. Some advantages of the Dutch VAT regime:

- VAT deferment upon importation: no actual payment of import VAT
- Experience with the international trade in products
- Experienced and specialised Tax and Customs officers

Individual Income tax considerations

Australia

To the extent Australian individuals are sent to work in the Netherlands on short-term business trips, it is likely they will maintain their Australian tax residence status and will continue to be fully assessable in Australia on their worldwide income. Where tax is assessed in the Netherlands, a Foreign Income Tax Offset 'FITO' may be available to reduce the Australian tax liability by the Netherlands tax paid on income earned there.

The following Australian employment tax obligations should be considered with respect to Australian tax resident employees:

- **Single Touch Payroll ('STP') reporting and PAYG withholding:** Assessable income should have PAYG withholding applied to it, with the income and PAYG withholding reported to the ATO via STP. Assessable foreign sourced income should be appropriately reported as 'foreign employment income' in order to avail a Foreign Income Tax Offset in Australia. There may be an opportunity to reduce the Australian PAYG withholding to the extent withholding is applied in the Netherlands.

Practical Information

- **Fringe Benefits Tax:** Non-cash benefits and Living Away From Home Allowances provided to employees and their associates are subject to Fringe Benefits Tax ('FBT') in Australia, subject to any applicable exemptions or concessions. Exemptions or concessions may apply to certain benefits provided with respect to business travel and relocations.
- **Superannuation Guarantee:** Superannuation Guarantee contributions continue to be mandatory with respect to an Australian employee working in the Netherlands temporarily. Pursuant to the Social Security Agreement between Australia and the Netherlands, a Certificate of Coverage ('COC') may be obtained where Superannuation Guarantee contributions continue to be made on behalf of an employee, to exempt an employer from making social security contributions in the Netherlands, for a period of up to five years.
- **Payroll tax:** Payroll tax will generally continue to be payable in respect of wages paid or payable to an Australian employee. Wages paid in a particular State may be exempt from payroll tax if an employee has performed services wholly in another country for a continuous period of more than six months, pursuant to the applicable State's payroll tax rules.

Where an Australian employee relocates to the Netherlands for an extended period of time (i.e. over two years), it may be possible for them to cease Australian tax residency (depending on a number of personal factors). In this instance, only Australian sourced income will be assessable in Australia, and income earned and paid in the Netherlands would not be taxable in Australia. The applicable Australian employment tax obligations may differ to those listed above in this scenario.

Netherlands

The following Dutch employment tax obligations should be considered with respect to Australian tax resident employees:

- **Dutch tax residency:** The employees who are sent on short-term business trips will probably be considered a non-resident of the Netherlands during the short term business trips to the Netherlands. This will ultimately depend on the specific facts and circumstances of the individual's position.
- **Dutch income tax:** Non-residents (with or without the expatriate concession), who are not directors or supervisory board members of a Dutch company, are not subject to Dutch income tax on compensation attributable to services performed outside the Netherlands. As a non-resident, the employee will be subject to Dutch income tax on Dutch-sourced income such as employment income attributable to services performed in the Netherlands.

Practical Information

- **30%-ruling:** The Netherlands has a special tax regime for expatriates, the so-called 30 percent ruling. According to the ruling, the employer may pay the employee a tax-free allowance that does not exceed 30 percent of their total taxable remuneration. This allowance should cover the extraterritorial costs the employee incurs as a result of their employment in the Netherlands. In case the employee can qualify for the 30%-ruling in case certain conditions are met.
- **Dutch social security and immigration:** Considerations should be given to possible social security obligations as well as visa and work permit obligations. Additionally, consideration should be given to pension issues and labour law issues including the Posted Workers Directive and a possible notification obligation that may be applicable in this regard.
- **Dutch wage tax:** In the following situations, there is a Dutch withholding agent for wage tax purposes:
 1. A Dutch company employs the employee; The employee is employed by a foreign company, which has a (deemed) permanent establishment in the Netherlands;
 2. The employee is employed by a foreign company, which does not have a (deemed) permanent establishment in the Netherlands but has voluntarily registered as wage tax withholding agent and runs a Dutch (shadow) payroll administration.

Based on the economic employer approach that the Dutch Supreme Court has adopted, the short-term assignee could be subject to Dutch income tax as of day one in case the Dutch company can be regarded as the economic employer of the employees. The Australian employer will then have a withholding obligation for Dutch wage tax purposes. A Dutch group company can act as the withholding agent if approved by the Dutch tax authorities.

In case the employee can be qualified as a Dutch tax resident, he is subject to Dutch income tax on his worldwide compensation. Based on the tax treaty or national tax law, relief from double taxation may be available in the Netherlands.

The advice provided within this document is of a general nature only. Individual taxation and the associated employment tax obligations depend on personal circumstances. Accordingly, professional tax advice should be sought and you should not rely solely on the general information provided. NCCA or KPMG shall not be held responsible for actions taken solely on the information provided.



Key benefits of an EU-Australia FTA for Victorian Companies

Free Trade Agreement (FTA)

Australia and the European Union (EU) are negotiating a Free Trade Agreement (FTA). Both parties are strongly committed to reaching a deal by July 2023. Once signed, the deal will require ratification in both regions to enter into force. An FTA with the EU will open significant new opportunities for Australian goods and services in the European single market, a high-income market of 450 million people.

An Australia-EU FTA will positively impact Victorian companies in several ways.

- **Improved market access** - The FTA will substantially expand Australian companies' access to the EU single market. Tariffs, quotas and non-tariff barriers on many goods including agricultural products will be reduced or eliminated, making Victorian products more competitive and more attractive to consumers both in the Dutch market and the broader EU bloc.
- **Increased services & investment opportunities** - A framework for the mutual recognition of professional qualifications and provisions on the temporary movement of skilled workers will provide greater certainty for skilled Australian professionals entering the EU labour market. Via the adoption of modern investment rules offering more transparent and predictable rules, foreign investment between the two regions will be facilitated, creating greater certainty for investors.
- **Reduction in costly regulatory barriers** - Regulations, standards, and certifications will be further aligned and harmonised, leading to smoother market access and a reduction of compliance costs, which will notably make it easier for small and medium enterprises to export to the EU market.
- **Better business environment** - Encouraging fair competition, transparency, and non-discriminatory treatment between European and Australian companies, the FTA will create a more predictable trade framework and a better level playing field for businesses from both regions.
- **Greater access to EU public procurement markets** - Australian companies' access to the EU government procurement markets - one of the largest public procurement markets in the world - will be significantly improved.

Key benefits of an EU-Australia FTA for Victorian Companies

- **Strengthened intellectual property rights** - Provisions for enhanced intellectual property protection will provide Australian companies with stronger safeguards for their patents, trademarks, copyrights, and other intellectual property assets in the EU
- **New digital trade opportunities** - Australian business will benefit of greater opportunities to trade digitally with the EU, including in tech, finance, telecommunications, amongst many other sectors. The digital economy will be facilitated by rules securing the free flow of data, preventing unjustified data localisation requirements, and maintaining high standards of personal data protection

This contribution about the upcoming EU-Australian FTA was authored by **Jason Collins**, CEO of the European Australian Business Council (EABC)



The European Australian Business Council (EABC) is the premier corporate forum promoting institutional; economic; and science, technology and innovation cooperation between Europe and Australia.

eabc.com.au

GenieGrips



GenieGrips Pty Ltd is an Australian manufacturer of forklift safety products. Our range of products allows the safe, stable, and secure movement of forklift loads reducing accidents, injury, and damage.

The GenieGrips® range of rubber products for the forktyes are a simple solution to moving products with bare metal tynes. Their anti-slip properties provide sufficient grip to the surface thereby reducing accidents from loads slipping or falling off the tynes. This can result in costly rework, damage to product and people. The rubber also protects finished product and packaging from being damaged with nearly \$22 Billion as the estimated value of damaged product around the world.

The GenieGrips® Loading Mirrors for forklifts eliminates critical blind spots in the driver's vision and gives a clear view of the tynes. The mirrors give an intuitive field of view taking the guess work out of loading and unloading trucks. GenieGrips® Loading mirrors are a clever and cost-effective solution improving productivity and safety. Unfortunately, in Australia 11% of workers killed were because of being hit by forklifts.

Louise Inglese is the founder and CEO of GenieGrips., Louise is currently an owner of CRP Industries Pty Ltd alongside her husband of 25 years, a company with 42 years' experience in the rubber moulding and bonding industry. Their knowledge and experience provided the insights to design, patent and manufacture the GenieGrips® range to solve the problem of forklift safety in the workplace.

GenieGrips® safety products were launched in 2013 at the Austech Exhibition in Melbourne. In 2014 the first international orders were from the USA and Switzerland. Sales from the eCommerce site and direct enquiries internationally increased over the next 18 months and during this time it became obvious to stock product internationally.

An Export Advisor from the International Trade Division for the Victorian Government had moved back to the USA and established a 3PL service and provided US market entry consulting services to Australian SME's. Having the company's second office and warehouse established before the first international exhibition in 2016 in the USA assisted in a highly successful first exhibition.

Case Study

In 2017 plans to develop operations in Europe were initiated by the increasing demand for safety in the warehousing and materials handling industries. With the engagement of a sales and marketing company in **Maastricht, the Netherlands**, this would be the company's third office. The new office allowed GenieGrips to support customers in Europe and establish a foothold in the European market.

DHL Express named GenieGrips as one of four innovative Australian businesses who won its 2016 DHL Export to China Scholarship. Through this connection, DHL Global Forwarding provided a full 3PL solution for the European warehouse in Rotterdam, the Netherlands.

Australia did not have FTAs in place with EU at that time, making fiscal representation necessary. With a referral through the Netherlands Foreign Investment Agency, GenieGrips undertook fiscal representative in the EU and obtained VAT and EORI numbers to ensure compliance with VAT regulations and reporting.

Two months before the first European Expo, the EU had enacted legislation banning the use of the plating used on the steel components, making all the stock in the EU unsellable.

As GenieGrip is a small Australian manufacturer, this provides flexibility to quickly change plating processes and get new stock in the EU for the GenieGrips® launch at LogiMAT 2018.

Exhibiting internationally has put the GenieGrips® range in-front of large forklift manufacturers, OEM's, distributors, and end users. Austrade's Export Marketing Development Grant, the EMDG, has provided the funds to expand and continue to attend international exhibitions. In 2016, GenieGrips first applied for the EMDG, with export sales of only 50K AUD. GenieGrips have received seven years of grants and reinvested that into exhibitions, where most new customers and distributors are found.

Selling internationally requires payment gateways that will work in foreign currency and are compatible with all customers and distributors. Products like PayPal are popular in some countries and EU banks work with an IBAN numbers while UK banks with BAC's payments. Finding a financial institution that allows natural hedging and operation without restrictions, is necessary to propel growth in the global economy.

GenieGrips was awarded, by Department of Immigration and Border Protection and Australian Border Force, full accreditation status as an Australian Trusted Trader (ATT) in 2019. With a range of trade facilitation benefits, becoming accredited ensures the correct processes are in place.

Case Study

With the end of the Brexit transition in 2020, GenieGrips opened the fourth office in the UK, ensuring that UK customers would have uninterrupted access to the GenieGrips® products. This new office is an important step towards realizing the company's purpose of minimizing product damage and reducing accidents and injuries caused by forklifts in workplaces worldwide.

GenieGrips has taken advantage of DFAT's FTAs to assist distributors and customers to reduce or eliminate landed costs when importing. They are an important tool to assist with establishing relationships and reducing barriers when looking at new export markets.

The GenieGrips export story, although in the beginning was more by accident than design, is a perfect example of Australian design and innovation, having exported to 61 countries around the world. It is GenieGrips goal to keep the workplace safe, worldwide!

Louise Inglese is the founder and CEO of GenieGrips

Louise could easily be called a serial entrepreneur, with a passion for taking professional challenges head on and looking to create the best outcome for each opportunity that is presented to her.

Having started and sold several businesses in her early career, she is currently an owner of a proudly run Australian manufacturing firm alongside her husband of 25 years, and CEO of GenieGrips, an Australian exporter revolutionising safety and performance for forklifts globally.

As a founder of GenieGrips, Louise enjoys the professional challenges of a global business. She established operations in the USA, The Netherlands, and the UK, due to the increasing demand for safety in the warehousing and materials handling industries. Having a foothold in these markets works towards her purpose of minimising product damage and reducing accidents and injuries caused by forklifts in workplaces worldwide..





Considering exporting to the Netherlands?

Netherlands Chamber of Commerce Australia

www.ncca.com.au
info@ncca.com.au

The **Netherlands Chamber of Commerce Australia (NCCA)** is an incorporated association that provides a business networking platform for its members and partners with a sole focus on Victorian-Dutch business links. NCCA provides its members and partners with access to people, organisations and information to help them do business, meet like-minded people, and open doors in Victoria and the Netherlands.

The NCCA is a not-for-profit organisation governed by an honorary Board of Management and supported by an Assistant Business Manager. It works closely with Victorian and Australian business and government organisations, Victoria-based international Chambers of Commerce, the Netherlands Embassy in Canberra, as well as the Netherlands Consular network in Australia.

Global Victoria is the Victorian Government's trade facilitation and promotion agency dedicated to providing a range of services and support to help Victorian businesses go global.

With a diverse group of well-connected and dedicated trade specialists, Global VIC provides on-the-ground support across the globe and helps facilitate in-market introductions for export success.

Global VIC has the largest global network of any other Australian state or territory. Headquartered in Melbourne and with 23 international trade and investment offices strategically located in Victoria's key export markets, Global VIC is well positioned to connect Victorian businesses to the right opportunities and contacts.

Victoria's engagement with the Netherlands is led by Victoria's Commissioner for Europe, Gönül Serbest who is based at the Trade and Investment Office in Paris.



www.global.vic.gov.au

Paul O'Hagan
Regional Specialist
Europe, UK & Israel

Help with exporting

The Netherlands offers an excellent business climate for scaling up solutions with impact for the European and global markets. If you are looking to take your business ambitions to the next level, and contribute to smart, sustainable solutions for the future, opportunities await in the Netherlands.

The Netherlands Foreign Investment Agency (NFIA) exists to help. As an operational unit of the Dutch Ministry of Economic Affairs and Climate Policy, NFIA helps and advises foreign companies across the various stages of expansion. Its services are free and independent. NFIA can connect businesses regionally across the Invest in Holland Network, with the resources and tools needed to make investment decisions.

Strengthening the international ecosystems

The Netherlands is committed to finding and developing sustainable, innovative and digital solutions to global challenges. The country welcomes foreign companies who contribute to this goal and who are looking to build smart, sustainable solutions for a future we all can enjoy.

NFIA free services provide all the information needed to understand how the Netherlands can connect businesses to Europe and the world, including:

- Current, customised information on the Netherlands, relevant business locations, Dutch legislation and tax regulations, labour law, permit procedures, governmental incentives and much more through in-person or digital meetings.
- Practical solutions that simplify and optimise establishment in the Netherlands.
- Personalised support by NFIA specialists in the agrifood, chemical industry, IT & Tech, high tech systems, life sciences & health, energy and other sectors.

NFIA worldwide

In addition to its headquarters in The Hague, NFIA maintains 26 offices across the United Kingdom, France, Germany, Turkey, the United States of America, Canada, South Africa, Israel, the United Arab Emirates, India, Singapore, Australia, China, Taiwan, and South Korea.



www.investinholland.com

Ashleigh Knox
Assistant Director - Oceania

Help with exporting



www.kpmg.com

Ursula Lepporoli
Partner,
KPMG Australia

Jeroen Leek
Partner,
KPMG Netherlands

KPMG firms (where the “K” stands for “Klynveld” - the name of the Dutch founding firm in the KPMG network) operate in 143 countries and territories, and in 2022, collectively employed more than 265,000 partners and people, serving the needs of business, governments, public-sector agencies, not-for-profits and through KPMG firms' audit and assurance practices, the capital markets.

In addition, KPMG offers a wide range of advisory services, including accounting and tax and compliance services. KPMG is committed to quality and service excellence in all that we do, bringing our best to clients and earning the public's trust through our actions and behaviours both professionally and personally.

KPMG in the Netherlands

With over 3,500 employees in the Netherlands in 12 offices, KPMG in the Netherlands helps leading organisations to be compliant with the rules and regulations, look ahead and make the right sustainable choices.

KPMG in Australia

KPMG has a specialist division dedicated to advising emerging, private, family and mid-market businesses.

KPMG has experts in Victoria ready to advise on the tax implications for individuals travelling between the jurisdictions.



Other helpful organisations

European Australian Business Council (EABC)

The European Australian Business Council (EABC) is a peak business association made up of large Australian and European companies that work with partner organisations in Europe and Australia to promote trade and investment.

The Council's activities include a regular series of high-level business roundtables, missions and other activities with Australian and European policymakers, senior officials, and business leaders.

Website: <https://eabc.com.au>

Australian Business in Europe (ABIE), Netherlands

Australian Business in Europe "ABIE" - Netherlands is a membership organisation focused on connecting professional Australians in the Netherlands and Dutch businesses with interests in Australia through business networking opportunities and events.

ABIE was established in 1975 to foster Australian business interests across Europe. Today, there are ABIE chapters in most European countries and in Australia.

ABIE - Netherlands delivers a range of events throughout the year as well as quarterly dinners providing a stimulating forum for discussion and great networking opportunities.

*Website: <http://www.abie.eu>

Other helpful organisations

The Australian Trade and Investment Commission (Austrade)

The Australian Trade and Investment Commission (Austrade) is the Australian Government's international trade promotion and investment attraction agency. Austrade generates market information and insights, promotes Australian capability, and facilitates connections through its extensive global network.

Austrade's office in the Netherlands

Austrade's office in the Netherlands is primarily focused on attracting productive foreign direct investment into Australia. Another focus is to seek out opportunities for Australian companies in high potential sectors as well as provide businesses with selected alternative service providers.

Website: <https://www.austrade.gov.au/>

The Australian Embassy in the Netherlands

The Australian Embassy in The Hague is Australia's only representation in the Netherlands. The Embassy's main objectives include:

- Providing consular assistance and other Government services to Australian citizens in the Netherlands.
- Promoting Australian interests in the Netherlands and maintaining good bilateral relations with the Netherlands Government.
- Representing Australia at the international courts, tribunals and organisations based in The Hague.
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Website: <https://netherlands.embassy.gov.au/>

ACE by FPG AIM

ACE is a boutique administrative services firm assisting corporates and entrepreneurs with their international expansion, from initial set-up to ongoing local administration and compliance, and beyond.

Website: <https://expandwithace.com>

