



Aspen Group Limited

A GUIDE TO DUTCH LIMITED PARTNERSHIPS

COMMANDITAIRE VENNOOTSCHAP, C.V.

HONG KONG

PANAMA

PRAGUE

The Netherlands is not generally considered a tax haven or low tax jurisdiction but the country is well regulated. It is considered an open, top tier jurisdiction which welcomes international business and boasts millenary experience in trade, financial services, and more.

The Dutch Limited Partnership (Commanditaire Vennootschap, C.V.) is similar in its composition to most limited partnerships in other jurisdictions.

The Limited Partnership is a partnership with key differences affecting the roles of the partners. There is a general or managing partner who manages the day to day affairs of the C.V. and represents it in dealings with third parties. The general partner is jointly and severally liable for the debts of the C.V. Then, there is the limited partner(s); this partner contributes to the partnership a certain amount of capital. His liability is limited to the amount of capital contributed. A limited partner is prohibited from directly managing the affairs of the C.V.; however, s/he can represent the general partner as an attorney -in-fact. If a limited partner is involved in the direct management of a C.V. he forfeits his right to the protection of limited liability and becomes jointly and severally liable for the debts of the partnership, together with the general or managing partner(s).

Dutch partnerships are formed by either a notarial or a private deed. The absence of a signed deed cannot defeat claims from third parties. It is not necessary to disclose the identity of limited partners.

Taxation

Since the Netherlands is an open economy with a small domestic market and a large foreign market, it is in its interests to remove obstacles to international trade, obstacles such as double taxation. The Dutch government believes Dutch investors should be able to invest on the same terms as other investors in foreign markets and that foreign investors should be able to invest on an equal footing in the Netherlands. As such, it shall tax only at the source of income.

The Netherlands has concluded tax treaties with a large number of countries so that direct taxes (e.g. income tax and dividend tax) are not levied twice. The Netherlands has also concluded treaties on the exchange of tax information.

The parties to a tax treaty agree which country may tax which income components (right of taxation). One country will then levy tax and the other will grant a tax reduction or exemption.

As long as the Dutch C.V. is not resident in the Netherlands, it does not need to maintain books or file accounts or tax returns in the Netherlands; however, the Dutch C.V. must be registered in the Chamber of Commerce.

When the limited partner is an individual, inheritance taxes are not levied. The partnership agreement must determine that if one of the limited partners dies, the C.V. can be dissolved

and the assets are distributed to the partners in accordance with the terms of the partnership agreement. Alternatively, the assets can be held by the C.V. for persons stated in the partnership agreement. This shall effectively create a new limited partner.

If the general partner is an individual who is not considered, a Dutch person for tax purposes, that is, a Dutch resident, then s/he shall not be subject to Netherlands inheritance taxes.

INTERESTING CHARACTERISTICS

Mainly, the Dutch C.V. is vested with the following characteristics:

1. The general partner enjoys unlimited liability.
2. The liability of the limited partner(s) is restricted to the amount of capital contributed, or agreed to be contributed.
3. In the Netherlands, any income earned by the Partnership is not taxed as long as the income is not sourced in the Netherlands and as long as the general partner nor any of the limited partners are tax resident in the Netherlands.

COMPOSITION

It is composed of at least 2 partners:

- One general partner
- One or more limited partners

The relationship between the partners is declared in a Limited Partnership Agreement which must include the percentages of ownership. It must also include any restrictions with regards to the removal of any existing partners as well as the conditions and entitlements of said removal.

In like manner, conditions to admit a new partner must also be detailed.

The general partner shall represent the Dutch C.V. with regards to the day to day operation of the Partnership but the limited partners do not participate in the active control of the entity.

Usually, the general partner has a very small percentage of ownership but it can be determined by all the parties. Many C.Vs are structured so that the general partner holds a minimal portion of the ownership (.0001%) and the remainder is divided amongst the limited partners.

Also, the role of general partner is usually fulfilled by a Stichting; that is, a Dutch Foundation; and the limited partners can be individuals or other corporations, as appropriate with regards to the structure.

USES

Dutch partnerships are customarily used in international tax planning structures for families and companies that operate from a country that does not allow or see well the use of low or zero tax jurisdictions for planning and holding passive investments such as bank or brokerage accounts, properties, etc. Use of the Dutch C.V. structure affords great confidentiality and the vesting of the reputation of a pristine jurisdiction.

Bank accounts must be held in the name of the partnership. Upon completion of the due diligence as requested by the bank, authorization can be granted to the limited partners or to an attorney-in-fact to operate the account.

All bank statements shall be issued in the name of the C.V. and it is the responsibility of the general partner to ensure that the administration is always compliant with the rules and regulations of the Netherlands and other countries where this entity operates. In order to do this correctly, the services of Aspen Global Incorporations Limited are essential.

The foregoing does not constitute legal advice and it is merely Aspen Global Incorporations opinion based on use and experience. If you are not a professional service provider, please consult a tax attorney, solicitor, and/or accountant before you pursue any venture in a tax free environment. Aspen Global Group will be glad to meet with you and assess your requirements. Legal evaluations in each jurisdiction are available at a time cost fee.

If you would like additional information on this jurisdiction, please contact us at enquiries@aspenoffshore.com; or contact any of our offices.

HONG KONG

Aspen Global Incorporations Limited
Suite 2302-3 Pacific Plaza
410 Des Voeux Road West
Hong Kong, S.A.R.
Tel: (852) 3175-8758
Fax: (852) 3175 8456
E-mail: enquiries@aspenoffshore.com

PANAMA

Aspen Legal Services
Local 11-12 Causeway Blvd. Commercial Center
Isla Perico, Panamá City
Republic of Panamá
Tel: (507) 314 3392
E-mail: silka@aspenoffshore.com

RAGUE

Aspen Business Consulting s.r.o.
Opletalova 1603/57
110 00 Praha 1
Česká republika
Tel: (420) 221 419 747
E-mail: aspenbusinessconsulting@aspenoffshore.com

NEW ZEALAND

Aspen Fiduciaries Limited
Level 5, 10 Customhouse Quay
Wellington, 6143
New Zealand
E-mail: enquiries@aspenoffshore.com