



## RUSSELL ADVOCATEN

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### **The Netherlands and Dutch law**

The Netherlands is a perfect business location for entrepreneurs. The well-developed logistic and technical infrastructure, the highly skilled, multilingual and flexible workforce, the favorable tax regulations for businesses, the stable political climate and the high standard of living makes the Netherlands the ideal place to start a business.

Dutch law is based on the continental European civil law tradition and is highly influenced by the laws of the European Union. This means that Dutch law is mostly written, but one should not underestimate the relevance of case law.

### **Incorporating a Dutch entity**

The most important legal entities constituted under Dutch Law are the Besloten Vennootschap ("B.V.": private company with limited liability) and the Naamloze Vennootschap ("N.V.": public limited company). A B.V. can only issue registered shares, whereas a N.V. can issue both registered and bearer shares. Only a N.V. can be listed at the Euronext stock exchange in Amsterdam.

Both B.V. and N.V. have a two-tier management board. A Board of Directors is in charge of day-to-day-business and a Supervisory Board oversees and advises the Board of Directors independently and actively. The Supervisory Board is usually appointed by the General Meeting of Shareholders.

### **Liability at BV/NV**

The shareholders are only liable for their share in the company. The managing directors are in principle not liable for debts of the company. They will be liable, however, if serious negligence by the managing directors has been proven.

### **Concluding remarks**

Although Dutch law can sometimes be far-reaching, the Netherlands is an appealing place to conduct business, particularly with a qualified lawyer steering you through the rules and regulations of Dutch law. Russell Advocaten, a member of Primerus, International Society of Law Firms, is pre-eminently equipped to do so. It is our day-to-day business to assist all new foreign entrepreneurs to successfully enter the Dutch market.