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Report: Netherlands Key Conduit Country in Profit Shifting

Netherlands

Report: Netherlands Key Conduit Country in Profit Shifting



By Linda A. Thompson

A study offering new evidence that the Netherlands is a key conduit country used to shift profits around the world is likely to ratchet up calls for more anti-tax avoidance legislation, practitioners say.

No country in the world plays a bigger role in the shifting of profits to tax havens than the Netherlands, a study published July 24 by the University of Amsterdam has found.

According to the researchers, the Netherlands accounts for 23 percent of money flows to offshore entities in tax havens, with the U.K. in second place at 14 percent. Such offshore financial centers can be used by multinational corporations to reduce their tax bills by shifting capital across country borders, they added.

The study, which analyzed the global corporate ownership structures of 98 million companies, comes after a two-week parliamentary investigative inquiry aimed at uncovering the role played by Dutch financial service providers in the rerouting and shifting of profits through or out of the Netherlands. Practitioners told Bloomberg BNA in July that the inquiry's findings, included in a July 5 report, were likely to spur new legislative measures aimed at curbing tax avoidance.

Risk of 'Overkill'

Dick Barmentlo, a partner at the Jaegers & Soons law firm, told Bloomberg BNA that the study was likely to increase pressure further on lawmakers to propose new anti-tax avoidance measures as well as legislation aimed at the mandatory disclosure of tax-minimizing schemes by tax advisers.

"This will be grist to the mill of the parliamentary inquiry," he said in a July 25 phone interview. "I think this will increase calls for new legislation."

At the same time, Barmentlo warned that calls for such new measures presented a risk of "overkill," noting that European lawmakers had already signed off on several anti-tax avoidance legislation steps recently, which the Netherlands will have to implement into its domestic framework.

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Snapshot

- Netherlands plays key role in profit shifting, research says
- Study likely to increase pressure for new anti-tax avoidance measures

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