

A Comparative Analysis of

Holding Company Structures in the Netherlands and the United Kingdom for International Startup Founders





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Executive Summary

This report provides a comparative analysis of the Netherlands and the United Kingdom as jurisdictions for establishing a holding company for international startup founders. The primary objective is to equip decision-makers with a clear framework for selecting a holding structure that aligns with strategic goals such as capital raising, intellectual property (IP) management, and tax optimization. The methodology involves a qualitative comparative analysis based on recent data (2023–2025) from governmental bodies, policy institutions like the OECD, and leading consulting firms. Key findings indicate that while both jurisdictions offer robust legal frameworks and attractive fiscal policies, they cater to different strategic priorities. **The Netherlands** excels for startups with significant IP and a focus on pan-European operations, primarily due to its favorable IP box regime and extensive tax treaty network that minimizes dividend withholding taxes. In contrast, **the United Kingdom** presents a compelling case for startups prioritizing access to a deep venture capital market and a straightforward, founder-friendly corporate environment, supported by reliefs like the Enterprise Investment Scheme (EIS) and a competitive corporate tax rate. The primary recommendation is for founders to undertake a bespoke analysis of their business model. Startups with valuable, licensable IP will likely benefit more from a Dutch B.V. holding structure. Conversely, startups aiming for rapid scaling through UK-centric or US-based venture capital may find the UK Limited Company structure more advantageous.

1. Introduction / Background

For a modern startup with global ambitions, the choice of a holding company's jurisdiction is a foundational strategic decision with long-term implications for fundraising, tax liability, administrative burden, and eventual exit opportunities. As startups increasingly operate across borders from inception, the holding company acts as the central entity that owns shares in operating subsidiaries in various countries, manages intellectual property (IP), and consolidates profits. An optimal holding structure can significantly enhance shareholder value, while a suboptimal choice can lead to tax inefficiencies, regulatory hurdles, and decreased attractiveness to investors (PwC, 2024).

The Netherlands and the United Kingdom have long competed as premier European hubs for international business. Both offer stable political and legal systems, deep talent pools, and a pro-business orientation. However, subtle but critical differences in their corporate law, tax regimes, and investment ecosystems make them suitable for different types of startups. The post-Brexit landscape has further sharpened these distinctions, forcing founders to re-evaluate the UK's position outside the European Union's single market and legal framework, particularly concerning cross-border transactions and data flows (Financial Times, 2023).

This report aims to dissect these differences from the perspective of a non-resident startup founder. The primary objective is to provide a clear, data-driven comparison of establishing a holding company—typically a Dutch Besloten Vennootschap (B.V.) or a UK Limited Company (Ltd)—to inform this crucial decision.

The analysis will focus on several key pillars of comparison: corporate tax environment, including specific regimes for IP and participation exemptions; withholding tax (WHT) implications on dividends, interest, and royalties; access to capital and the venture capital (VC) ecosystem; and the administrative and legal framework, including ease of incorporation and maintenance.

The scope of this research is intentionally focused on the needs of early-to-growth stage technology startups, which are often characterized by significant IP assets, a need for successive funding rounds, and an international operational footprint. It does not delve into the specific requirements of highly regulated industries like finance or pharmaceuticals but provides a general framework applicable to a broad range of tech-enabled businesses. By systematically evaluating the pros and cons of each jurisdiction against the strategic priorities of a typical startup, this report will serve as a practical guide for founders navigating the complexities of international corporate structuring.

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2. Literature Review / Contextual Framework

The academic and professional literature on corporate jurisdiction selection is extensive, historically focusing on multinational enterprises (MNEs) and tax optimization (Dharmapala & Hines, 2009). However, a growing body of work now examines the unique needs of startups and scale-ups, where agility and access to funding can outweigh pure tax considerations (Mason & Brown, 2017). The prevailing theoretical model is the “OLI Paradigm” (Ownership, Location, Internalization), which, while designed for foreign direct investment, provides a useful lens. For startups, “Ownership” advantages relate to their unique IP, “Location” advantages are the benefits of the holding jurisdiction (e.g., tax treaties, VC networks), and “Internalization” is the benefit of managing global operations through a central holding entity (Dunning, 2001).

Studies from policy institutions like the OECD have shaped the global tax environment, particularly through the Base Erosion and Profit Shifting (BEPS) project. These initiatives have increased scrutiny on “substance” requirements, compelling companies to demonstrate genuine economic activity in their chosen jurisdiction, thus moving the decision beyond mere “paper” entities (OECD, 2023). This has made jurisdictions with strong infrastructure and talent pools, like the UK and the Netherlands, more attractive than traditional “tax havens” that lack substance.

Comparative analyses from consulting firms frequently highlight the key differentiators.

For the Netherlands



Reports from PwC (2024) and Deloitte (2023) consistently emphasize the attractiveness of its **participation exemption** and **favorable treaty network**. The participation exemption provides a full exemption from corporate tax on dividends and capital gains from qualifying subsidiaries, preventing double taxation. Furthermore, the Netherlands has one of the world’s most extensive networks of bilateral tax treaties (over 100), often reducing dividend WHT to 0% or 5%, a critical factor for repatriating profits to the holding company and distributing them to international shareholders (IBFD, 2024).¹ The Dutch “innovation box” or IP box regime, which offers a reduced effective tax rate on profits derived from self-developed IP, is another frequently cited advantage for tech and R&D-heavy companies.

For the United Kingdom



The literature points to a different set of strengths. A significant body of research focuses on its vibrant **venture capital ecosystem**, second only to the US in terms of capital deployed (Beauhurst, 2024). Investor-focused tax reliefs, namely the **Enterprise Investment Scheme (EIS)** and its seed-stage counterpart (SEIS), are identified as powerful catalysts. These schemes offer substantial income tax relief, capital gains tax exemption, and loss relief to individual investors in qualifying early-stage companies, thereby de-risking investment and expanding the available pool of angel and VC funding (Harding, 2019). While the UK’s tax treaty network is also robust, post-Brexit analysis from sources like Bloomberg (2023) notes potential friction in EU-UK transactions that did not previously exist. The UK’s headline corporate tax rate, while having increased, remains competitive among G7 nations, and its legal system, based on common law, is often perceived as more flexible and familiar to international investors, particularly from the US (The Economist, 2024).

A key knowledge gap identified in existing literature is a holistic, founder-centric comparison that weighs these distinct advantages against each other. Much of the analysis is siloed, focusing either purely on tax mechanics or on the investment landscape. This report seeks to bridge that gap by synthesizing these elements into a unified decision-making framework, acknowledging that for a startup, the “best” jurisdiction is not an absolute but is contingent on its specific business model, IP strategy, and funding roadmap.

3. Methodology

This report employs a qualitative comparative analysis (QCA) research design. This methodology is well-suited for comparing complex phenomena—in this case, national corporate and tax systems—across a small number of cases (the Netherlands and the United Kingdom) to identify the causal configurations of conditions that lead to a specific outcome (suitability for a startup holding company). The QCA approach allows for a nuanced, context-sensitive evaluation that goes beyond simple quantitative metrics (Ragin, 2008).

The research process was conducted as a single, integrated phase of investigation and writing, simulating a real-world consulting engagement. The analysis is grounded in a comprehensive review of up-to-date, authoritative sources published between 2023 and 2025. This ensures the findings reflect the current post-Brexit, post-BEPS 2.0 regulatory environment.

Data Sources were systematically selected from four key categories to ensure a multi-faceted and credible evidence base:

Policy and Governmental Institutions



Data on corporate tax rates, withholding tax rules, and treaty networks were drawn from the OECD's Corporate Tax Statistics database, national government revenue and customs websites (e.g., HM Revenue & Customs, Belastingdienst), and publications from the World Bank on the ease of doing business. This provides an objective baseline of statutory facts.

Academic Journals



Google Scholar and SSRN were queried for recent scholarly articles on international corporate taxation, jurisdiction shopping, and venture capital. Keywords included "holding company," "startup jurisdiction," "tax competition," "participation exemption," and "innovation box." This provided theoretical context and critical perspectives.

Consulting and Professional Services Firms



In-depth reports and country guides from the "Big Four" (PwC, Deloitte, EY, KPMG) and other major firms (e.g., McKinsey, Bain) were used to gather insights on practical implementation, common structuring practices, and the commercial implications of legal and tax rules. These sources offer a valuable bridge between statutory law and business reality.

Authoritative Financial Media



Publications such as the Financial Times, Bloomberg, and The Economist were reviewed for macro-level analysis, trends in foreign direct investment, commentary on the venture capital climate, and reports on significant legal or policy changes in both countries.

Analysis Method

The core of the analysis involved a structured comparison across a set of predefined criteria critical to a startup founder's decision. These criteria were derived from the literature review and include:

box regimes, and CFC rules.

- » **Cash Repatriation:** Dividend, interest, and royalty withholding tax rates, as mitigated by tax treaties.
- » **Funding Ecosystem:** Access to and size of the VC market, investor tax incentives (e.g., EIS/SEIS).
- » **Legal & Administrative:** Ease and cost of incorporation, corporate governance flexibility, legal system familiarity, and "substance" requirements.
- » **Exit Scenarios:** Tax implications of a share sale (capital gains) for founders and investors.

For each criterion, data from the sources were



synthesized to create a profile for both the Netherlands and the UK. The final step involved a comparative judgment, highlighting the relative strengths and weaknesses of each jurisdiction based on the evidence.

Limitations

This report is subject to several limitations. First, tax and corporate law are highly dynamic; the information presented is current as of mid-2025 but is subject to change. Second, the analysis is general in nature and cannot substitute for professional legal and tax advice tailored to a specific company's situation. Individual circumstances, such as the founders' country of tax residence, can significantly alter the outcome. Finally, the qualitative nature of the analysis means that the weighting of various factors (e.g., tax vs. access to capital) is inherently subjective and depends on the strategic priorities of the individual startup.

4. Findings / Results

The comparative analysis of the Netherlands (NL) and the United Kingdom (UK) as holding company jurisdictions reveals distinct profiles, with each offering a compelling but different value proposition for international startup founders. The findings are summarized below and detailed in the accompanying table.

Corporate Tax Regime

Headline Rate



The UK's main corporate income tax rate is 25% (as of April 2023).² The Netherlands operates a two-bracket system, with a rate of 19% on the first €200,000 of taxable profit and 25.8% on profits exceeding this amount (Dutch Ministry of Finance, 2024). For early-stage startups with modest profits, the Dutch lower bracket offers a marginal advantage.

Participation Exemption



Both jurisdictions have robust participation exemption regimes to prevent double taxation of profits from subsidiaries. The Dutch exemption is widely regarded as one of the most favorable, generally requiring a holding of 5% or more. It provides a full tax exemption for qualifying dividends and capital gains. The UK's Substantial Shareholding Exemption (SSE) is similar but can have more complex qualifying conditions related to the trading status of the holding company and the subsidiary (PwC, 2024).

Intellectual Property (IP) Regime



This is a key point of divergence. The Netherlands' Innovation Box regime provides a highly attractive effective tax rate of 9% on qualifying profits derived from self-developed IP for which an R&D certificate (WBSO-verklaring) has been obtained. The UK's Patent Box offers a similar benefit with an effective rate of 10%, but its scope is narrower, applying primarily to profits earned from patented inventions (HMRC, 2024). The Dutch regime is broader, often covering software copyrights, making it more advantageous for many tech startups.

Withholding Taxes (WHT) and Treaty Network

Dividend WHT



The Netherlands has a statutory dividend WHT of 15%. However, its extensive tax treaty network (over 100 treaties) frequently reduces this rate to 0% or 5% for corporate shareholders in treaty partner countries. Furthermore, a domestic exemption can apply if the parent company is in the EU/EEA or a treaty country and meets certain anti-abuse conditions (Deloitte, 2024). The UK, by contrast, does not levy any dividend WHT, which is a significant simplifying advantage for distributing profits to shareholders in any country, regardless of treaty status.

Interest and Royalty WHT



The UK generally applies a 20% WHT on certain interest and royalty payments, though this is often reduced or eliminated under its tax treaties. The Netherlands has recently introduced a WHT on interest and royalty payments to low-tax jurisdictions and in abusive situations, but payments to treaty partners are typically exempt.

Access to Capital and Investor Incentives

The UK demonstrates a clear lead in its funding ecosystem. The UK venture capital market is the largest in Europe, attracting approximately \$21 billion in 2023, compared to roughly \$3 billion for the Netherlands (Beauhurst & Dealroom, 2024). This deep pool of capital is a primary draw for ambitious, high-growth startups. Crucially, the UK offers powerful investor tax incentives through the Enterprise Investment Scheme (EIS) and Seed Enterprise Investment Scheme (SEIS). These schemes provide significant tax relief to UK-resident individuals investing in qualifying startups, dramatically increasing the supply of angel and early-stage capital. The Netherlands does not offer a directly comparable, widely-used scheme with the same impact (KPMG, 2024).

Legal and Administrative Framework

Both countries offer straightforward incorporation processes. A Dutch B.V. and a UK Ltd can be established relatively quickly and at a low cost. The UK's common law system and use of English in legal and business contexts are often cited as a "comfort factor" for international founders and investors, particularly from North America and other common law jurisdictions. The Netherlands, a civil law country, is equally sophisticated but may present a steeper learning curve for those unfamiliar with its system. Post-BEPS, both jurisdictions require evidence of economic substance (e.g., local directors, office space, management decisions made locally) to avail of tax benefits, with Dutch authorities being particularly stringent in practice (OECD, 2023).

Table 1. Key Comparative Metrics for NL and UK Holding Structures (2025 Data)

Feature	Netherlands (NL)	United Kingdom (UK)
Corporate Tax Rate	19% up to €200k profit; 25.8% thereafter	25% flat rate
Participation Exemption	Broad and robust; full exemption for qualifying holdings	Robust (SSE), but with potentially more complex conditions
IP Box / Patent Box	Stronger: Innovation Box (9% effective rate), broad scope	Weaker: Patent Box (10% effective rate), narrower scope
Dividend Withholding Tax	15% statutory, but often 0-5% via treaty or exemption	0% (Major advantage)
VC Investment (2023)	~\$3 Billion	~\$21 Billion (European leader)
Investor Tax Incentives	Limited / Niche	Excellent: EIS / SEIS schemes drive angel investment
Legal System	Civil Law	Common Law
EU Market Access	Full access as an EU member state	Post-Brexit, relies on TCA (Trade and Cooperation Agreement)

Description: This table summarizes the core differences between the Dutch and UK holding company environments across key financial and legal dimensions relevant to startup founders. It highlights the NL's tax advantages for IP and the UK's superiority in fundraising and dividend distribution simplicity.

5. Discussion / Analysis

The findings reveal a clear strategic trade-off for startup founders when choosing between a Dutch and a UK holding structure. The “better” choice is not absolute but is contingent upon the startup’s core value drivers, its funding strategy, and its geographic focus. The analysis suggests that the decision hinges on a central question:



Is the startup’s primary competitive advantage derived from its intellectual property, or is its success dependent on rapid access to a deep pool of venture capital?

The Netherlands: The IP and EU Hub



The Netherlands’ key appeal lies in its sophisticated tax toolkit, tailored for companies with significant intangible assets. The Innovation Box, with its 9% effective tax rate and broad definition of qualifying IP (including software), is a powerful instrument for value preservation in tech startups. For a SaaS, deep tech, or biotech company where the core asset is a proprietary algorithm, process, or formula, routing global income through a Dutch holding company that owns the IP can result in substantial tax savings. This directly translates into higher retained earnings for reinvestment and growth.

Furthermore, the Dutch participation exemption and unparalleled tax treaty network create a highly efficient structure for managing international subsidiaries.³ Profits can be funneled up from operating companies around the world to the Dutch holding company with minimal tax leakage. While the Dutch 15% dividend WHT appears disadvantageous compared to the UK’s 0%, in practice, for a well-structured group with shareholders in treaty nations, the rate is almost always reduced to 0% or 5%. This positions the Netherlands as the premier choice for a startup envisioning a complex, multi-country operational footprint, particularly within the EU, where it enjoys frictionless access to the Single Market. The stringent “substance” requirements, while an administrative hurdle, also lend credibility to the structure, making it resilient to challenges from foreign tax authorities under the OECD’s BEPS framework (OECD, 2023).

The United Kingdom: The Capital and Founder-Friendly Hub



The UK's value proposition is starkly different and centers on its world-class funding ecosystem. For many startups, securing the next round of financing is the most critical immediate objective, and the UK offers unparalleled access to capital in a European context. The sheer volume of VC funds, family offices, and angel investors in London creates a density of capital and expertise that is hard to replicate (Beauhurst, 2024). The EIS and SEIS tax reliefs are a systemic advantage, effectively subsidizing early-stage risk for UK investors and creating a culture of angel investing that benefits founders directly. A startup with a UK holding company is immediately eligible to tap into this ecosystem.

The 0% dividend withholding tax is another major structural advantage. It offers ultimate simplicity and efficiency when distributing profits or making shareholder payments, regardless of the shareholder's location or the existence of a tax treaty. This simplicity is highly attractive to a diverse, global shareholder base. Moreover, the familiarity of the UK's common law framework and English as the language of business reduces friction for founders and investors from the US and other major markets. While the UK's corporate tax rate is a flat 25% and its Patent Box is less generous than the Dutch equivalent, these factors may be secondary for a founder whose priority is securing the £5M Series A round needed to scale, rather than optimizing the tax on future profits. Post-Brexit, while the UK has lost frictionless access to the EU market, its global orientation and strong ties to the US market often compensate for this, particularly for globally-minded tech companies.

Sector-Specific Implications

For SaaS/Deep Tech: A startup with unique, defensible software or algorithms would likely find the Dutch Innovation Box more lucrative than the UK Patent Box.

For B2C/Fintech: A startup requiring large, successive funding rounds to capture market share might prioritize the UK for its deep VC market and EIS/SEIS benefits.

For Life Sciences/Biotech: The choice is more nuanced. Patented discoveries fit well within the UK Patent Box, but the broader R&D incentives in the Netherlands could also be attractive. Access to specialized life sciences VCs, present in both markets, would be a deciding factor.



6. Conclusion & Recommendations

This report has systematically compared the Netherlands and the United Kingdom as potential jurisdictions for a startup's holding company. The analysis concludes that there is no single "best" choice; rather, each country offers a distinct package of benefits that aligns with different strategic priorities. The optimal decision is contingent on a startup's specific business model, intellectual property profile, and fundraising roadmap.

Conclusions

1. The Netherlands is the superior jurisdiction for IP-heavy startups focused on tax-efficient management of global operations.⁴ Its primary advantages are the broad and generous Innovation Box regime (9% effective tax rate on IP profits), the highly efficient participation exemption, and the world's most extensive tax treaty network, which minimizes tax leakage on cross-border profit flows. It is the optimal hub for consolidating profits from multiple international subsidiaries, particularly within the EU.
2. The United Kingdom is the superior jurisdiction for startups prioritizing access to a deep and dynamic capital market. The UK's key strengths are its unparalleled venture capital ecosystem, the largest in Europe, and the powerful EIS/SEIS investor tax incentives that stimulate early-stage funding. The complete absence of dividend withholding tax provides ultimate simplicity for distributions to a global shareholder base. It is the optimal hub for startups that need to raise significant capital quickly and value a founder-friendly, common-law environment.
3. A strategic trade-off exists between tax optimization and access to capital. The Dutch structure maximizes the preservation of value generated by existing IP. The UK structure maximizes the potential to inject new capital value into the business. Founders must weigh the long-term benefits of a lower effective tax rate against the immediate, and often existential, need for funding.

Actionable Recommendations

Based on these conclusions, the following recommendations are proposed for startup founders:

1. Conduct a "Strategy-First" Jurisdictional Analysis: Before engaging legal counsel, founders should internally map their core strategic priorities for the next 3-5 years.
2. If the primary asset is licensable IP (e.g., software, proprietary tech) and operations will be pan-European or global, initiate a detailed assessment of establishing a Dutch B.V. holding structure. The focus should be on confirming eligibility for the Innovation Box and modeling the long-term tax benefits.
3. If the primary need is securing significant seed to Series B funding and the target investor base is in the UK or US, prioritize the setup of a UK Limited Company. The immediate focus should be on ensuring the company is structured to be EIS/SEIS compliant to maximize attractiveness to angel investors.

4. Model Future Cash Flows and Exit Scenarios: Founders should create financial models for both the Dutch and UK scenarios. This model should project tax liabilities on operational profits (factoring in IP boxes), withholding taxes on profit repatriation from subsidiaries, and the ultimate tax implications of an exit (share sale) for founders and key investor groups based on their likely tax residence.
 - » Plan for “Economic Substance” from Day One: Regardless of the chosen jurisdiction, do not treat the holding company as a mere shell. Budget and plan for establishing genuine economic substance. This includes appointing qualified local directors (even if part-time initially), holding board meetings in the country, and maintaining a registered office. This is non-negotiable for withstanding tax scrutiny and accessing treaty benefits.
 - » Seek Integrated Legal and Tax Advice: Engage a firm with expertise in both Dutch and UK corporate and tax law to validate these findings against the specific details of your business and the founders’ personal tax situations. A minor detail, such as a founder’s country of residence, can fundamentally change the optimal structure.

By aligning the choice of jurisdiction with the core strategy of the business, founders can create a corporate structure that is not a liability but a strategic asset that accelerates growth and enhances shareholder value.

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