The Netherlands a Tax Paradise?

Complexities of Corporate Tax Avoidance

The tension between national taxation and multinational enterprise (MNE) is not a phenomenon that has emerged in the later part of 20th century. Rather, it has helped to shape Europe's economic and business history since the 19th century, as is amply illustrated by the international efforts to address this issue. The first bilateral double taxation agreements date back to before World War I. In the interwar period, the League of Nations introduced a framework that responded to business interests over double taxation but also tried to counter corporate tax avoidance. This framework was largely adopted by the OECD after World War II. Most recently, the agreement reached in 2021has initiated an attempt to implement a global corporate tax rate of 15%. Yet the bare existence of early regulation apart, little is known about how politicians and business leaders over the long term have dealt with the issue of the international coordinating of corporate taxation and how the solutions and compromises reached have evolved. Since the sharing of MNE tax reports only started in 2016 (2014 for banks), little is known about the evolution of MNE tax strategies and tax management.

Individually, tax havens signify the incongruity of national sovereignty and transnational finance. Collectively, they are an integral part of modern financial capitalism. The general image is that Tax Havens are typically —but not exclusively— located in tiny jurisdictions, in many cases former or existing colonial dependencies. In these cases, local economic development policies, aimed at attracting FDI provided a fiscal and regulatory framework conducive to capital mobility and tax avoidance, thereby giving rise to financial entrepreneurship and regulatory capture. Yet the idea that Tax Havens exist exclusively in the form of small exotic islands that cannot be regulated is a misconception; many Tax Havens are developed countries. The Netherlands is often mentioned as a Tax Haven, next to the United Kingdom, Ireland, Singapore, Luxemburg and Switzerland.

The present debate on the harmful effects of Tax Havens and ways of reducing these requires a better understanding of the interplay between state and non-state actors in shaping tax infrastructures. Moreover, the historical significance of Tax Havens derives not from their individual characteristics, but from their place and connectedness in a growing transnational financial system. This, in turn, emerged from the tensions between mobile capital and the rise of the centralized and expanding fiscal state in the 20th century.

This one-day conference addresses this historical interplay and what lessons it holds for policy. It does so by focusing on the Netherlands as an important host and home country for transnational companies funneling international capital flows since the 1920s. It addresses the questions of when, how and why the Netherlands emerged as a Tax Haven, how it evolved and what the status is. It focuses on the interaction and tensions between Dutch tax authorities on the one hand and financial institutions, entrepreneurs and MNEs on the other. The conference aims to bring together a wide range of scholars, professionals, business leaders and policy makers to discuss the past, present and future of Dutch corporate tax strategies and national tax regimes within a larger international context.

The local organizers:

Dr. Jeroen Euwe

Lexy Remy, MA

Prof. dr. Arthur van Riel

Prof. dr. Dirk Schindler

Dr. Rosa Youn Sun Won

Prof. dr. Ben Wubs