



# EY Netherlands Tax Policy

EY values and our commitment  
to building a better working world  
drive our tax policy

2022



Building a better  
working world



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# 1. Scope

EY is a globally operating service provider in Assurance, Tax, Strategy and Transactions, and Consulting with over 700 office locations in over 150 countries. EY Netherlands supports and contributes to EY's vision and strategy around the globe. At the same time, we have our own country-specific responsibilities to carry out. EY Netherlands employs about 5,000 people across 14 locations in the Netherlands. EY Netherlands' partners have ultimate responsibility for the quality of the services provided to clients and for developing our people.

This Tax Policy is mandatory and applies to EY Netherlands when dealing with our own tax affairs.

This Tax Policy does not intend to set out the principles we apply when providing our services to clients. Our clients are responsible for setting their own tax policies. When providing services to our clients we act in accordance with EY's values and our professional obligations. For additional information about the principles that EY Netherlands applies when providing tax services, please see below under 'EY Netherlands' Principles for the Dutch Tax Practice'.



# 2. A Better Working World

EY's purpose is building a better working world. This is fundamental to EY's strategy and policies as a distinctive global professional services brand. It helps build trust and confidence in the capital markets while solving some of the world's toughest challenges to leave a lasting legacy for our people, for our clients and for our communities. With our NextWave strategy, EY is committed to creating long-term value for its clients. Client centricity and technology are key to achieving this goal. We are developing a more integrated, multidisciplinary approach to analyze and cater to our clients' needs.

When dealing with our own tax affairs this Tax Policy provides a clear mandate from the Board of Directors of EY Netherlands to act in a way aligned to the EY Values, which define who we are:

- ▶ People who demonstrate integrity, respect, teaming and inclusiveness
- ▶ People with energy, enthusiasm and the courage to lead
- ▶ People who build relationships based on doing the right thing

As owner-entrepreneurs of a significant Netherlands-based business, we make our fair financial contribution to the Dutch government budget. Accordingly, the Dutch tax authorities, which we interact with as a taxpayer and have a cooperative compliance relationship with, are a key stakeholder for us.

We pursue an open dialogue with our stakeholders on tax and therefore welcome the opportunity to publicly outline our Tax Policy.

# 3. EY Netherlands: our tax principles

Below we outline the tax principles of EY Netherlands when dealing with our own tax affairs.

## 3.1 Compliance with tax legislation

- ▶ We comply with the tax legislation of the countries in which we operate and pay the right amount of tax in these countries at the right time.

## 3.2 Tax follows the business

- ▶ We undertake transactions which are commercially driven and do not put in place artificial or contrived arrangements.
- ▶ Our tax affairs are based on reasonable interpretations of the tax laws under which we operate and are aligned with the substance of the economic and commercial activity of our business.
- ▶ We will only use tax incentives that are aligned with our business and operational objectives and are consistent with the tax laws under which we operate.

## 3.3 Cooperative compliance relationship with the Dutch tax authorities

EY Netherlands maintains an open and honest dialogue with the Dutch tax authorities (Dutch Tax and Customs Administration), based on mutual respect, transparency and trust. EY Netherlands for many years had a horizontal monitoring agreement with the Dutch tax authorities. In accordance with the change in the Dutch tax authorities' approach to horizontal monitoring, this agreement, which in fact confirmed the transparent relation that was already in place for many decades, was replaced by an individual monitoring plan.

- ▶ We meet with and correspond with the Dutch tax authorities regularly throughout the year.
- ▶ We keep the Dutch tax authorities informed of significant transactions and business changes and disclose and discuss any areas of significant uncertainty in how the legislation applies.

- ▶ We communicate our positions based on full disclosure of the relevant facts and legal position.
- ▶ If we are uncertain on the application of certain legislation, we seek to resolve the matter through an open and honest dialogue.
- ▶ EY Netherlands carries out its operations primarily in the Netherlands. Where EY Netherlands may operate in other jurisdictions, we would seek to develop similar cooperative compliance relationships with the local tax authorities, based on mutual respect, transparency and trust.

### Legal structure

- ▶ Ernst & Young Nederland LLP (EYNL) is a member firm of the EY global organization, which is a worldwide organization of separate legal entities. Based in the Netherlands, EYNL provides assistance and coordinating leadership to Ernst & Young Accountants LLP (EYA), EY Advisory Netherlands LLP (EYAN), Ernst & Young Belastingadviseurs LLP (EYB) and other EY entities in the Netherlands to optimize their joint operations and practices and promote their joint strategy in the Netherlands. EY NL carries out its operations in the Netherlands but does not itself provide services to clients. These services are provided by other entities, predominantly EYA, EYAN and EYB.
- ▶ EYNL, EYA, EYAN, EYB and their wholly-owned NL subsidiaries are collectively referred to as 'EY Netherlands', 'we' and 'our' for purposes of this Tax Policy.
- ▶ Tax services to clients are provided by EYB. In addition, EYB has a strategic alliance with HVG Law LLP ('HVG') in the Netherlands. HVG is not part of EY Netherlands.

## 4. Governance

### 4.1 Tax Governance

The Board of Directors of EYNL has appointed a Committee for Financial and Fiscal Affairs ('CFF') to supervise all tax matters of EY Netherlands. The chairman of the CFF - a partner in EYNL - is designated as Country Internal Tax Lead of EY Netherlands and has overall responsibility for EY Netherlands' own tax affairs. For the operation of tax processes, the Country Internal Tax Lead is supported by relevant staff from the Finance Department and the Partner Administration Group, who have clear roles defined by their areas of process and tax experience. The Board of Directors is ultimately accountable for the tax affairs of EY Netherlands.

This Tax Policy document has been shared with the Supervisory Board of EY Netherlands and has been formally reviewed by the Board of Directors of EY Netherlands and enters into force on 1 July 2022. We aim to implement lessons learned and social developments wherever possible. Accordingly, this Tax Policy document is periodically reviewed by the Board of Directors of EY Netherlands, and updated where necessary to reflect our purpose and values and other relevant developments.



### 4.2 Tax Risk Management

Compliance is at the heart of what we do, and we focus on being compliant with our tax filing and tax payment obligations. As responsible taxpayers, we seek advice from the appropriate internal tax professionals to manage our risks and compliance positions so we can pay the right tax at the right time.

Upon their admission, the partners of EY Netherlands delegate the financial accounting of their private companies (through which they are a member of EYNL) and representation in tax matters to the Board of Directors of EYNL. The Board of Directors in turn delegates these activities to the Partner Administration Group, which carries out these activities for the partners (and their private companies) and operates under direct supervision of the CFF and the Board of Directors.

Our Tax Control Framework documents the processes and controls that apply to the management of our tax compliance (in respect of corporate income tax, value-added tax and payroll tax). The Country Internal Tax Lead is responsible for this framework and its continuous improvement. The purpose of the framework is to identify tax risks (financial, regulatory and reputational) and to design and implement controls in respect of such risks. The Country Internal Tax Lead monitors the effective operation of the tax controls. The Corporate & Business Risk Control team performs the annual monitoring of the Tax Control Framework. The outcome and follow-up are discussed with the Country Internal Tax Lead and the report is shared with the CFF.



# EY Netherlands' principles for the Dutch Tax Practice

The principles that EY Netherlands applies when providing tax services to clients are reflected in our Global Code of Conduct, our careful consideration of prospective and existing clients, and our Guiding Principles for the Dutch Tax Practice.

## Our Global Code of Conduct

The Global Code of Conduct (the 'Code') applies to everyone at EY, regardless of their individual role, position or practice and sets out a clear set of standards for the way we conduct business. The Code provides an ethical framework to help our people live the EY Values and guide them with the challenging and sometimes difficult choices they face. All EY people are asked to affirm their understanding of the principles contained in the Code and their commitment to abide by them on an annual basis. A copy of the Code can be found [here](#).

In addition to the Code and the EY Values, EY's Global Tax practice has an established framework of policies, guidance and procedures which govern our approach to providing tax services to clients to assist our tax professionals. The Code, EY's purpose and the EY Values, together with the global (and additional EY Netherlands) tax policies, guide our people throughout the engagement life cycle, from accepting new clients to providing our advice and, collectively, provide the basis for the principles set out above in this section.

In everything we do, we comply with all laws, regulations and standards that apply to us in our professional conduct, including the Code of Conduct (*Reglement Beroepsuitoefening*) of the Dutch Association of Tax Advisors (*Nederlandse Orde van Belastingadviseurs*).

## Procedures regarding client risks and acceptance

- ▶ we have client acceptance and continuance procedures in place to ensure that we carefully consider the risk characteristics of prospective and existing clients.
- ▶ We reject unethical or illegal business practices in all circumstances.
- ▶ We avoid working with clients and others whose standards are incompatible with our Global Code of Conduct. Before we take on a new engagement or client, we not only determine whether we can commit sufficient resources to deliver quality services that reflect our professional capabilities, especially in highly technical or complex areas, but we also assess whether our services are appropriate for a leading professional services organization to undertake.
- ▶ We seek only to act for clients who expect tax professionals to help them understand, arrange and report their affairs in compliance with their legal and regulatory obligations for taxation.
- ▶ We do not accept new clients, or assist in advising current clients, in relation to any attempts to evade tax.



## Guiding Principles for the Dutch Tax Practice

Consistent with the Global Code of Conduct, EY Netherlands has a clear set of Guiding principles for the Dutch Tax Practice that guides our people in the judgments they make as tax advisors.

### What we believe

EY Netherlands believes that a robust tax system is fundamental to the effective functioning of the global economy. We believe that consistency, transparency and certainty in tax systems are important for businesses and governments alike. We foster an open dialogue with tax administrators, government officials and other stakeholders about the impact of policy decisions and to support initiatives towards greater tax transparency.

### What we do

EY Netherlands has a duty to assist taxpayers in complying with their legal and regulatory obligations, which may be complex, unclear or sometimes inconsistent. Our role as tax advisors requires that we help our clients both understand and be in compliance with all applicable laws, regulations, and professional obligations and standards, and we advise them on the tax consequences and potential risks of their actions.

When appropriate, we advise our clients on the merits of proposed transactions or activities, based on material considerations that may be relevant to their specific facts and circumstances.

We also actively help companies and individuals to engage with governments as they monitor and comply with their tax obligations. We do not provide any tax advice that would rely on non-disclosure to or the avoidance of an audit or detection by the relevant tax authorities to be effective.

### How we act

EY Netherlands professionals are required to observe all applicable national and international laws, ethical and regulatory standards and the rules of relevant local professional organizations. We act with professional integrity, are committed to maintaining our objectivity and independence, and employ professional skepticism. All our independent tax advice is given in accordance with the applicable laws, regulations and standards, and we work in accordance with the ethical framework that applies to our profession, as well as the stated purpose and values of EY. These are reflected in EY's Global Code of Conduct, which provides a clear set of standards for our business conduct. It establishes the ethical and behavioral framework on which we base our decisions every day. The Code is anchored in our values and beliefs and underpins everything we do. We avoid working with clients and others whose standards are incompatible with our Global Code of Conduct.

EY Netherlands has a Tax Opinion and Policy Board, which is tasked with reviewing tax opinions, developing firm-wide positions on current tax issues and providing guidance and advice in client matters from the perspective of our Guiding Principles. The Tax Opinion and Policy Board is comprised of senior tax partners, the Country Internal Tax Lead of EY Netherlands and subject-matter experts.

The EY/Ethics Hotline provides EY people, clients and others outside of EY with a means to confidentially, and either anonymously or on a disclosed basis, report an activity that may involve unethical or illegal behavior that is in violation of professional standards or otherwise inconsistent with our EY Global Code of Conduct. All reports received will be given careful attention by EY.

## EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

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