



The Ambassador

February 2, 2015
Was-cdp/004-2015

Re: OR Department of Revenue Report of January 1,
2015 relating to HB 2460 (2013), HB 2099, SB 61

Dear Senator,

On behalf of the government of the Netherlands, I am writing to express my concern about a proposal by the Oregon Department of Revenue (DoR) and the Recommendations on Tax Haven Jurisdictions (hereinafter: the Recommendations). In this report, the DoR recommends adding the Netherlands to the list of jurisdictions already identified in the statute.

The U.S. and the Netherlands have a strong and long-standing business relationship. The high trade volumes and the strong investment relations between the U.S. and the Netherlands go back more than 400 years, and derive from real economic activity. The Netherlands is the third biggest foreign investor in the U.S., and Dutch investment in the U.S. accounts for 685,000 jobs. The economic relationship between Oregon and the Netherlands is substantial as well. Oregon's exports to the Netherlands amount to almost \$200 million per year, and 3,500 jobs in Oregon are related to investments and trade between the Netherlands and Oregon. Examples include: the positive economic impact on the state by the Delta/KLM nonstop connection between Portland International Airport and Amsterdam Airport Schiphol, as well as Dutch businesses in Oregon, such as Ecofys, Akzo Nobel Coatings and ASML. The Netherlands is a dedicated partner of the U.S. in a great number of international tax matters. For example, the Netherlands was among the first countries to engage with the U.S. in negotiating an agreement for exchange of taxpayer information under the U.S. Foreign Account Tax Compliance Act (FATCA). In December 2013, this agreement was signed. The U.S.-Netherlands tax treaty dates from 1992, and was updated in 2004.

The proposed modifications could lead to undesirable double taxation for our companies, imposing barriers to cross-border investments that would harm both our economies.

The DoR has determined whether a jurisdiction should be added to the Statute by applying a two-step definition by the Multistate Tax Commission. A jurisdiction must first meet the criterion that a jurisdiction imposes no or nominal tax on corporate income.



For the Netherlands, this is not the case. The Netherlands has a corporate income tax rate of 25%, and a lower rate of 20% is limited to the first €200,000 profit. The tax system is fully transparent and compliant with international standards. OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes acknowledges in its 2014 Progress Report that the Netherlands — just like the U.S. — is largely compliant in the area of tax transparency.

As such, we feel strongly that any inclusion of the Netherlands on such a list goes against internationally agreed standards and has the potential to harm all companies incorporated in the Netherlands. The Netherlands is not considered a tax haven by the OECD or by any other country, nor has the U.S. Federal Government or any state ever introduced legislation that specifically taxes a company incorporated in the Netherlands by the mere fact that the company is incorporated there.

And finally, but perhaps most importantly, as a strong ally and trading partner, the Netherlands government is disappointed that it was not consulted prior to the development of the report or the pre-session filed legislation. We believe that the proposal to add the Netherlands to the list is erroneous, and we will be sharing the specific and relevant information with the Oregon Department of Revenue and your staff.

For the foregoing reasons, on behalf of the Government of the Netherlands, I urge you to not include the Netherlands on the list. There are no relevant facts to indicate that the Netherlands meets the criteria of the list referred to in the Recommendations.

Should you have any questions regarding this matter or wish to discuss it further, I would welcome the opportunity to do so.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Rudolf Bekink', written over a printed name.

Rudolf Bekink

The Honorable
Senator Mark Hass
Chair, Senate Committee On Finance
and Revenue
900 Court St. NE - S-403
Salem, OR 97301

Cc: The Honorable Representative Phil Barnhart, Chair, House Committee on Revenue
Mr. Jim Bucholz, Director, Oregon Department of Revenue