



THE GLOBAL STANDARD
FOR LIVESTOCK DATA

Network. Guidelines. Certification.

Future ICAR, Phase III

Report to ICAR Board
May 28th, 2019

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HwConsultancy

Issues which have been addressed

1. Juridical Transition ICAR and Service ICAR (S ICAR) from Italy to NL, juridically
2. Location in NL

Process from January to May

1. Project team: Martin, Elena, Frido and Hans
2. Telcons
3. In NL: meetings with Daan Legal and Tax advisor of E&Y (by Frido and Hans)
4. In Italy: meeting with Italconsultants and notary (by Elena)
5. Full day Visit offices on April 5 by Martin and Hans

Legal Entities of Interest for ICAR and S ICAR

For ICAR

1. Association. This structure is comparable on what we have now. The association has a Board, members, who pay membership fee and the association has statutes
2. Cooperative u.a. this is that members are not liable in case of mal administration by management

For S ICAR

1. BV, which is a company with limited liability to shareholders
2. Amalgamate its activities in ICAR.

Adivice on Tax by E&Y

On March 19, Frido and me had a telcon with Theodoor Huiskes and Sjoerd Morre of E&Y on next questions. We had sent E&Y beforehand 3 year forecasts for P&L accounts for ICAR and S ICAR for the next 3 years.

What are the effects for tax when:

- ICAR + SICAR is an association in NL. *In this case the profit of ICAR is free of tax for Association activities, and for business activities if the profit is less than 15K. In this case ICAR must have a clear distinction between business and association activities in its year accounts.*
- ICAR + SICAR is an cooperative UA in NL. *In this case all profit is subject to tax*
- ICAR is an association and SICAR is a BV. *ICAR activities are free of tax, whereas the BV activities are.*
- ICAR is a cooperative and SICAR is a BV. *Idem*

Is there any other juridical set up for ICAR and for SICAR in NL, more of interest than the ones above, from a tax point of view. *There is no other legal entities which are more of interest from a tax point of view.*

Advise by Daan Legal

Daan Legal is an office in Arnhem with notaries and lawyers. They have experience with EU cross border conversion of business activities. They advised us the following migration path:

1. A few full members of ICAR (three at the most, among which preferably CRV) will incorporate a new Dutch association (in Dutch: vereniging met volledige rechtsbevoegdheid) by the name of ICAR (hereinafter: "NLICAR"). NLICAR will be assigned numbers for both the trade register and tax-purposes, with which she can start up activities in the Netherlands and prepare the migration.
2. Via separate forms, ICAR's members shall resign their memberships in Italy and at the same time apply for membership of NLICAR under the condition precedent of their resignation in Italy. Both the boards of ICAR and NLICAR will have signed these forms in advance, insuring a smooth transition of the memberships.
3. In the meantime, the transfers of ICAR's assets (among which are the shares in SICAR) by way of sale and transfer will be prepared and are to be executed by a certain date, for instance 31 December 2019, (hereinafter: "the Transfer Date"). The resignation of ICAR's memberships shall coincide with the Transfer Date, whereby we insure a simultaneous transition.
4. The sale and transfer of assets will result in a purchase price, which will be waived by the seller under the obligation of NLICAR to acknowledge the debt for the amount of the purchase price (in Dutch: schuldigerkenning).
5. Upon completion of the transfers of assets, activities and memberships, we shall (prepare to) execute the cross-border conversion of SICAR to a Dutch B.V. Once converted, the B.V. can simply merge into its single shareholder, NLICAR, resulting in the envisaged Dutch corporate structure of a single association.
6. Finally, the Italian association will be dissolved and liquidated. ICAR's positive balance - solely made up of its claim against NLICAR - will be paid out to NLICAR upon dissolution, resulting in the debt and claim to be set off (in Dutch: verrekening van de vorderingen).

Proposed Time Frame by Daan Legal

Considerations:

1. Check with Italian Tax advisors on possible tax claims when ICAR assets are transferred to ICAR NL
2. Set up ICAR NL first (some 3 members are needed) and establish Board ICAR NL
3. Transfer ICAR assets, memberships from ICAR Italy to ICAR NL
4. Dissolution and liquidation of ICAR in Italy
5. Cross border conversion of ICAR Srl to ICAR BV and merger of ICAR BV to ICAR association in NL
(Need to review with NL accounting if we can do this in one step – conscious of need to maintain business ops/invoicing etc as we xfer!)

Time Frame

1. June: Approval by EGA for:
 - Change of seat from Italy to NL
 - Move assets from ICAR Italy to NL
 - Agreement by members to change membership to ICAR NL
2. August: set up ICAR NL
3. Migrate ICAR assets etc to ICAR NL, by January 2020
4. 2020, Jan-May: convert S ICAR to ICAR BV in NL and merge with ICAR

Check with ItalConsultants

Issue	ItalConsultants
How to transfer seat	Approval by EGA; sworn translation of EGA decision in Italian with notary statement. Communication to Agenzia delle Entrate. Transfer funds, close bank account
ICAR funds which are transferred: need to pay taxes?	No
S ICAR	Better to close, then transfer. Transfer has always some fulfillments in Italy
Time to Close S ICAR	6 months

Our Advice to the Board

Our advise to Board is:

1. Ask Approval by EGA for:
 - Change of seat ICAR from Italy to NL
 - Move assets from ICAR Italy to NL
 - Agreement by members to change membership to ICAR NL
2. Set up ICAR NL in August, open bank account and seek an accounting firm in NL
3. Migrate ICAR assets etc to ICAR NL, by January 2020
4. Dissolve and liquidate ICAR in Italy. Note S ICAR Srl is still there but belongs to ICAR NL.
5. Dissolve S ICAR in Italy. Liquidate or cross border conversion. Has to be checked in more detail.
6. Staffing plans for NL to be addressed by CE during September – December 2019 period.

Location in NL

On April 5, Martin and Hans visited a number of offices in Wageningen, Ede and in Utrecht.

Requirements, we have set for location:

1. Must be max 1 hour train/ drive from Schiphol
2. Must be in urban area with > 100 K inhabitants
3. Must be in area with lots of energy in IT and Agriculture
4. Must be attractive for young people to live
5. Must be payable on rents, living
6. Intercity Railway Station must be on walking distance

We did not consider Amsterdam, because:

- Too expensive
- Too far from agriculture

We need employees with sense for farmers' needs on recording.

Location in NL

We visited offices at:

1. WUR campus. Offices for start ups, close to science. Landlord: Kadans. Have offices in Wageningen, Nijmegen, Helmond, Breda. Plans to extend to Utrecht and The Hague, Groningen
2. HNK at Ede-Wageningen (close to railway station) and at Utrecht. HNK have offices in Amsterdam and number of other main cities.
3. Regus in Utrecht. Offices in all main cities.
4. WTC in Utrecht, which is 5 minutes walk from main central station Utrecht (which is ca 20 minutes from Schiphol)

Location in NL

All offices have a sort of all inclusive deals, which includes:

- High speed internet (glass fiber)
- Own private Wi-Fi
- Furniture
- Reception desk, basic offices tasks
- 24/7 entrance
- Separate rooms

We advise to look at HNK Utrecht.

Kadans at WUR: they do not have free space; new building will be ready in 2020, thus move to this office will not be earlier than end 2020.

HNK Utrecht

HNK has offices in main cities in NL, thus also Amsterdam. Meeting rooms can be reserved in all locations via a central HNK app.

HNK in Utrecht. Our impression:
'vibrant, energised space'

Advantages of Utrecht:

- Almost as close to Schiphol as Amsterdam
- Cheaper
- Nice city as well, upcoming
- Office is circa 15 minutes walk from central station Utrecht.

CE and admin staff will spend three days working from HNK offices in Utrecht in August