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Dutch Pharma Company Reaches Tax Deal to Move to Belgium

BNA Snapshot

- Company restructuring in part because current IP structure violates new OECD standards
- Deal creates \$87.2 million payment to Netherlands

By Alex M. Parker



Pharmaceutical firm Argenx NV reached an agreement with Dutch tax authorities over plans to restructure to move its residency and intellectual property to Belgium, according to a filing with the Securities and Exchange Commission.

Argenx said the April 20 restructuring was driven in part by concerns that it is currently violating international standards set out by the Organization for Economic Cooperation and Development in its Action Plan on Base Erosion and Profit Shifting—a sweeping rewrite of the international tax rules intended to curb tax avoidance by multinational companies. Since 2009, the company has operated its research and development facilities in Belgium while registering its IP in the Netherlands—possibly running afoul of new norms that income be tied to real economic activities.

“We believe that value creation is not adequately aligned with our intellectual property ownership as required” under the BEPS project, the company wrote in an April 21 filing.

The company is holding a shareholder meeting April 26 to address the move. If it is approved, the company will be a “Dutch European company” with a registered office in Ghent, Belgium, where its chief executive officer, Tim Van Hauwermeiren, is based.

Going Public

Argenx registered with the Euronext stock exchange in Brussels in 2014 and is in the process of making an initial public offering on the Nasdaq Stock Market. In its recent filing, the company said regulatory concerns with Euronext are also a consideration in the restructuring.

The company is currently developing several drugs, including a possible cancer treatment under a partnership with AbbVie Inc., and also is developing a drug against rare auto-immune disorders.

An agreement with the Dutch tax authorities settled several issues regarding the company's structure and past transfers of IP, and confirmed a total indemnification payment of 80 million euros (\$87.2 million) from the current Belgian subsidiary to the Dutch entity.

The company is seeking a ruling from the Belgian tax authority over several issues, including whether the indemnification payment would be deductible as a cost in Belgium.

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