



RSM
Connected for Success



Doing Business in Belgium

This publication contains information in summary form and is therefore intended for general guidance only.

It is not expected to be a substitute for detailed research or the exercise of professional judgment.

RSM Belgium cannot be held liable for any business decision taken on the basis of information in this publication.

Foreword

Belgium is strategically located at the heart of Europe. Surrounded by Germany, the Netherlands, France and Luxemburg as well as being just a stone's throw from Great Britain, Belgium lies at the centre of a more than 500 million-strong consumer market.

London, Paris, Amsterdam and Frankfurt all lie within 300 km while some of Europe's key business hubs including Lisbon, Rome, Madrid, Stockholm, Athens, Warsaw, Berlin and Dublin are only a two-hour flight away.

Belgium's strategic location also means it enjoys a pivotal position in international politics and economics. The European Union, NATO and some 1,400 international non-governmental organisations are also headquartered here.

For these and several other reasons Belgium could be an attractive location for your business. RSM Belgium prepared this publication for the use of our clients, partners and staff. Our "Doing Business" guide provides comprehensive coverage of virtually all aspects of setting up and running business operations in Belgium - from the different types of business entities to starting up, from tax to workforce and companies. The incentives chapter contains up-to-date information on incentives and benefits that may apply to some companies or certain types of operations.

It is designed to give some general information to those contemplating business in Belgium. Therefore, we advise you to consult one of the RSM Belgium offices listed on the last page, for more information and assistance.

The information contained herein has been updated until February 2014.

Brussels, March 2014



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1. About RSM Belgium and RSM International

RSM Belgium

A national independent group linked to an international network

RSM Belgium is ranked amongst the top firms in Belgium. Its consultants undertake audits and offer expertise and specialised advice in four areas of activity:

1. Audit of financial statements;
2. Accounting expertise and management;
3. Tax and legal advice and services;
4. Financial expertise and corporate governance.

Our team of approximately 140 experienced professionals is divided between five locations within the country's three regions. We are the Belgian member of RSM International, the seventh largest network in the world.

RSM International

The 7th largest global network

At the international level, RSM Belgium is an active member of RSM International, the seventh largest global network of independent accounting and consulting firms. This international network assures us a high quality level in advising and know-how abroad. This international association is represented in over 100 countries in more than 700 offices and with a total work force of 32.000 professionals.

RSM Belgium maintains a professional relationship with these RSM firms for the following purposes:

- Execution of common missions;
- Incorporation of subsidiaries or branches beyond our borders;
- Taking over of a foreign company;
- Maintaining of business relationships with a foreign company;
- Training meetings and exchange of experiences and information concerning specific legal, accounting and fiscal topics with foreign companies.

Thanks to this constructive relationship and the transfer of know-how, we are able to put our assets at our client's disposal in the most important countries of the modern world.

2. General

2.1. Location & infrastructure

2.1.1. Strategic location

Belgium is strategically located at the heart of Europe. Surrounded by Germany, the Netherlands, France and Luxembourg as well as being just a stone's throw from Great Britain, Belgium lies at the centre of a more than 500 million-strong consumer market.

London, Paris, Amsterdam and Frankfurt all lie within 300 km while some of Europe's key business hubs including Lisbon, Rome, Madrid, Stockholm, Athens, Warsaw, Berlin and Dublin are only a two-hour flight away.

Belgium's strategic location also means it enjoys a pivotal position in international politics and economics. The European Union, NATO and some 1,400 international non-governmental organisations are also headquartered here.

2.1.2. Business infrastructure

Belgium's solid infrastructure and logistics and distribution networks frequently rank highly in international surveys.

2.1.2.1. Road and rail transport

Transport operators in France, Germany and the Netherlands can connect quickly and easily to Belgium's road network, which includes no less than seven international motorways (1,763 km) and at such rates as the best in Europe.

The country's regional and provincial road networks - covering 13,229 km and 1,349 km respectively - enable companies in all manner of industries to put down roots anywhere in Belgium.

Belgium also has one of the most comprehensive rail networks in the world and transports a total of more than 220 million passengers and over 60 million tonnes of freight every year. High-speed trains operate up to ten times a day to London as well as to Cologne, Amsterdam and Paris.

2.1.2.2. Water transport

Belgium has seaports (Antwerp, Zeebrugge, Ghent, and Ostend) and river ports (Brussels and Liège) that are key international hubs for freight transport. Thanks to its location between America to the West and Asia and Africa to the East, Antwerp, Europe's second largest port, offers short transit times to all the world's principal destinations. In 2013 vessels carrying cargoes totalling approximately 191 million tonnes docked in Antwerp.

The country's extensive network of inland waterways (1,532 km) connects the major Belgian seaports to Europe's inland waterways. Belgium's main rivers - the Schelde and the Maas - and their connecting tributaries and canals cover every inch of the country. This intricate system of waterways - the second largest in Europe - affords highly efficient transport which is both environmentally friendly and cost-efficient.

2.1.2.3. Air transport

Flights to a wide range of European and international destinations are available from Brussels National Airport. Flight times to most major cities in Europe are under two hours and more than 19 million passengers passed through the airport in 2013. It is also recognised as offering one of the fastest turnaround times for air freight transport and handled 430.000 tonnes of freight in 2013.

The airports of Liège-Bierset, Charleroi (Brussels South), Antwerp and Ostend also serve several foreign destinations, with Lille and Paris in France and Amsterdam in the Netherlands being easily accessible.

2.2. Economy & key sectors

2.2.1. A stable, diversified economy

The Belgian economy regularly outperforms the euro zone average in terms of growth and economic indicators. According to the latest forecasts from the Planning Office, the Belgian economy should grow by 1,4% in 2014.

Belgium's GDP is in the world top 25.

2.2.2. Europe 2020

Through Europe 2020, the successor to the Lisbon strategy, EU wants to attain 5 key objectives:

- Increase of employment rate;
- Research and development;
- Climate change and durable energy;
- Education;
- Combat against poverty and social exclusion.

Within Belgium there is significant support for this strategy.

2.2.3. Foodstuffs

Foodstuffs comprise a major sector of the economy. The world's largest food groups are active in Belgium (Danone, InBev, Coca-Cola, Unilever Belgium, Kraft Foods Belgium, Nestlé, Materne, Ferrero, P&G, Sara Lee, etc.).

2.2.4. Biotechnology

In 2013 some 140 companies were active in biotechnology in Belgium. Universities and research centres have forged strong links with economic players to develop this forward-looking sector. Belgian companies accounted for 16% of Europe's turnover in biotech and around 10% of R&D spending.

2.2.5. European headquarters

Brussels offers a strategic location, an attractive real estate market and the presence of key European decision-making bodies, making it the ideal headquarters for major corporations. Hundreds of multinationals - mainly American and Japanese - have their European headquarters in Belgium.

2.2.6. Transport and logistics

Belgium is the perfect location for a logistical base, headquarters or distribution centre in mainland Europe. The infrastructure, skills and IT facilities provide an ideal environment and beachhead for conquering the European market.

2.2.7. Aerospace

Belgian industry plays a key role in the aerospace sector. Many aircraft bear the stamp of Belgian know-how: Airbuses, Boeings, the F-16, the Rafale, the Falcon 7X, the Ariane 4 and 5 space programmes, SPOT earth observation satellites to name but a few. In its economic development plan, the Walloon Region specifically promotes competitiveness in the aerospace industry.

2.2.8. Pharmaceuticals

Belgium is a world leader in pharmaceuticals. More than 32,000 people work in this sector, which alone accounts for more than 10% of all Belgian exports. In fact, more than 40% of the turnover of the sector in Belgium is reinvested in R&D, which is twice the European average.

2.3. Invest in Brussels: Capital city and region

Not only is Brussels the capital of Belgium and Europe, but it is also one of the three regions - along with Flanders and Wallonia - that together make up the federal state of Belgium. The regions enjoy powers and responsibilities in many areas, including the economy, employment, energy and scientific research.

Brussels hosts the European Institutions as well as numerous professional federations. It is a prominent international business decision centre where opinion leaders of all industries are meeting every day.

Alongside the federal government's fiscal measures, Brussels supports business through incentives, auxiliary measures and premiums. It also provides support for recruitment, training, logistics and research and development.

Brussels has a population of more than 1.1 million and covers 162 km². The region is home to more than 87,000 businesses, mostly SMEs and international companies. The region is officially bilingual (French and Dutch) but in practice, the city of Brussels is one of the most cosmopolitan in Europe and lies at the crossroads between the Germanic, Latin and Anglo-Saxon cultures.

As home to headquarters of all the main EU institutions, Brussels has become a key decision-making centre and a hotbed of economic activity. Some 15,000 lobbyists are active in the city, ranking it second only behind Washington DC in terms of sheer numbers of interest groups and NGOs.

Its location at the heart of the European rail network means that Brussels is just 1 hour 20 minutes from Paris and 1 hour 51 minutes from London by train. But compared to those cities, Brussels has managed to retain a highly competitive real estate market and it is certainly no coincidence that so many multinational companies have already chosen to set up their respective European headquarters in the city.

2.4. Invest in Flanders

Flanders is one of three regions – the others being Wallonia and Brussels – that make up the federal state of Belgium. The administrative capital of Flanders is Brussels.

Alongside the federal government's fiscal measures, Flanders supports businesses through incentives, auxiliary measures and premiums. It also provides support for recruitment, training, logistics and research and development.

Flanders has a population of more than 6.3 million and covers 13,522 km². It is one of the most prosperous regions in Europe. The region is home to almost 500,000 businesses, mostly SMEs. The official language of Flanders is Dutch, but the active population is multilingual. The people are well known for their trustworthiness, productivity and entrepreneurship. The main sectors of the Flemish economy are chemicals, plastics, automobiles, life sciences, logistics and foodstuffs. Flanders enjoys excellent transport links at the heart of the European road and rail network, with Paris, Cologne, Frankfurt and Amsterdam less than 300 km away.

Other local gateways to the world are the ports of Antwerp (the 3th largest in Europe), Ghent and Zeebrugge, the regional airports at Ostend and Antwerp, and the international airport at Brussels.

2.5. Invest in Wallonia

Wallonia is one of three regions – the others being Flanders and Brussels – that make up the federal state of Belgium. The administrative capital of Wallonia is Namur.

Alongside the federal government's fiscal measures, Wallonia supports businesses through incentives, auxiliary measures and premiums. It also provides support for recruitment, training, logistics and research and development. In Wallonia, these incentives are enshrined in a special plan to comprehensively revitalise the economy.

Wallonia has a population of more than 3.5 million and covers 16,844 km². The region is home to more than 220,000 businesses, mostly SMEs.

The official language of Wallonia is French, but the active population is often multilingual, a result of the region's location at the crossroads of Germanic, Latin and Anglo-Saxon cultures. Wallonia is also home to a significant German-speaking community, located primarily near the border with Germany.

Wallonia enjoys excellent transport links at the heart of the European road and rail network, with Paris, Cologne, Frankfurt or Amsterdam less than 300 km away. It is equally well served by waterways connecting it to major nearby maritime ports, such as Antwerp and Zeebrugge, and has two international airports, Liège and Charleroi, for freight and passenger transport.

3. Types of Business Entities

3.1. Types of business entities

3.1.1. Types of companies

In Belgium a variety of company forms and arrangements exists through which a business can be performed. The entity can be civil or commercial; it depends on the type of activities performed.

The two company forms which are the most common in Belgium are:

- A “Public Limited Liability Company” (in Dutch: Naamloze Vennootschap - NV, in French: Société Anonyme - SA);
- A “Private Limited Liability Company” (in Dutch: Besloten Vennootschap met Beperkte Aansprakelijkheid - BVBA, in French: Société Privée à Responsabilité Limitée - SPRL).

3.1.1.1. Public Limited Liability Company

The minimum required share capital for a Public Limited Liability Company amounts to 61,500 euro. This capital must be fully subscribed and paid up by the founders (at least two). The founders can be individuals or companies, Belgian resident or not. Shareholders’ liability is in principle limited to their contribution.

The shares of a Public Limited Liability Company must be nominative or dematerialized titles. As from 1st January 2008, it is no more possible for companies to issue new bearer shares.

Since 1st January 2014, bearer shares are not authorized anymore in Belgium and all the bearer shares which are not yet converted are automatically converted by law into nominative shares or into dematerialized shares. A dematerialized title is represented by an inscription in account in the name of its owner by an approved institution responsible for keeping the accounts. The dematerialized title can be transferred from one account to another.

The company is managed by at least three directors. However, if there are no more than two founders or shareholders, two directors are sufficient.

3.1.1.2. Private Limited Company

This company form is often used for small family structures.

The minimum required share capital for a Private Limited Liability Company is 18,550 euro. The capital must be paid-up for at least 6,200 euro.

In case there is only one founder, a minimum of 12,400 euro needs to be paid-up. The founders can be individuals or companies, Belgian resident or not. Shareholders’

liability is in principle limited to their contribution. The issued shares are nominative and have to be registered in a shareholders’ register.

The company is managed by one or more directors. The directors can be individuals or companies.

As of 1st June 2010 it is possible to establish a “Private Limited Liability Company Starter” (Starters BVBA in Dutch or SPRL Starter in French) in which the amount of share capital is freely chosen by the founders who are individuals. One of the conditions is that the share capital must be sufficient for the company to pursue its activity during at least 2 years. In principle, such Starter company could be set up with a capital of only 1 euro.

3.1.1.3. Other types of companies

The following types of companies may be established in Belgium:

- A “Limited partnership with shares” (Commanditaire Vennootschap op aandelen (Comm. VA) in Dutch or Société commanditaire par actions (SCA) in French) is a partnership where “active partners” manage the company whilst “silent partners” only invest in the company.
- In a “Cooperative company” (Coöperatieve vennootschap or C.V. in Dutch, Société coopérative or S.C.” in French), the share capital is variable. Shareholders may dissolve their interests by selling their shares back to the company. This opportunity gives a flexible character to the structure.
- A “General partnership” (Vennootschap onder Firma (VOF) in Dutch or Société en nom collectif (SNC) in French) is a general partnership in which partners have a joint unlimited liability.

The following entities are also considered as Belgian partnerships:

- The “Partnership” (Maatschap in Dutch or Société de Droit Commun in French);
- The “Temporary Commercial Company” (Tijdelijke Handelsvennootschap in Dutch or Société Momentanée in French);
- The “Company in Participation Silent” (Stille Handelsvennootschap in Dutch or Société Interne in French);
- The “Economic Interest Grouping” (Economisch Samenwerkings-verband in Dutch or Groupement d’Intérêt Economique in French).

A legal partnership is basically an agreement whereby the silent partner participates in the profit or loss of certain activities of the active partner, who is mostly also the managing partner. Silent partnerships do not have legal personality. They are tax transparent and they have a special tax treatment.

3.1.2. Foreign investment entities - a Belgian branch

If a foreign company wants to establish a Belgian branch, some formalities have to be fulfilled such as filing the articles of incorporation of the foreign company (translated into French or Dutch, a translation which must be legalised and authenticated (with an apostil) with the Court of Commerce).

The Belgian branch is not a legal entity in Belgium but it constitutes an extension of the foreign company. This means that all responsibility for any liability in Belgium (by means of the Belgian branch) lies with the foreign company.

3.1.3. A joint venture

A joint venture can be considered as a cooperation based on an agreement concluded between two or more companies in order to realise a common project. All the legal implications of such structure have to be determined in the joint venture agreement concluded by the companies concerned. A joint venture can be established with or without separate legal personality.

3.1.4. A Trust

The structure of a trust does not exist under Belgian tax law.

However, foreign trusts are in principle recognised in Belgium.

3.2. Audit requirements

The companies which are considered as “small” companies are not obliged to appoint a statutory auditor. A company is considered to be small if it does not exceed more than one of the following criteria during the last closed financial year and the financial year before:

- Number of employees (annual average) : 50
- Annual turnover (excl. VAT) : € 7,300,000
- Total of the balance : € 3,650,000

All the other companies are obliged to appoint a statutory auditor. When a company has more than 100 employees or when the company belongs to a group which must publish consolidated accounts, it is automatically obliged to appoint a statutory auditor.

The role of the statutory auditor is the following:

- To examine the accounts and the accounting records of the company;
- To prepare a report for the shareholders.

3.3. Incorporation of business entities - approval and registration

3.3.1. Incorporation of a company in Belgium

In Belgium, you are free to set up a company. No prior authorisation is required except for certain types of business such as banking, insurance, transport, construction, food, etc.

To establish a company, the Belgian notary has to draft a deed. The company has to file its articles of incorporation as well as the names of the directors with the appropriate clerk of the Court of Commerce. The company receives its own legal personality only after this filing as well as an identification number called “Enterprise number”. The company has also to be registered with the Central Database for Enterprises.

An extract of the incorporation deed has to be published in the Belgian Official Gazette (Het Belgisch Staatsblad in Dutch - Le Moniteur Belge in French).

If necessary (*i.e.* if the company performs any economic activity consisting of supplying goods or services in Belgium), the Belgian company has to be registered with the local VAT-office.

Finally, the new company has to contact the service offices for enterprises and must register with a social insurance fund and mutual insurance company.

3.3.2. Incorporation of a branch in Belgium

To establish a branch of a foreign company in Belgium, the foreign company’s Board of Directors must formally take the decision to open this branch in Belgium and to appoint a legal representative. This decision, together with the foreign company’s articles of incorporation and by-laws, must be translated (by a certified translator) into French or Dutch and must be published in the Belgian Official Gazette.

A translation of the most recent financial statements of the foreign company must also be filed with the National Bank of Belgium. Upon publication in the Belgian Official Gazette, the branch office obtains its registration number (“Enterprise number”), as well as its VAT number (if necessary) from the local VAT-office.

3.4. Comparison of main investment vehicles - pros, cons vs. business entities

In case a foreign investor is interested to start with commercial operations in Belgium, the first thing to consider is the type of business entity to establish: will he open a branch office or will he establish a subsidiary?

A branch is not a legal entity separate from the foreign company but it is merely an extension of the parent company, whereas a subsidiary is considered as a separate Belgian legal entity. This means that the branch does not have its own stock, nor its own board of directors.

The subsidiary has its own legal personality, its own stock, and its own articles of incorporation. The subsidiary must convene shareholders’ meetings and observe some specific formalities such as filing a corporate income tax return, filing of its own annual accounts, filing of VAT returns (if necessary), etc.

Establishing a subsidiary has the following advantages:

- The parent company is not exposed to any liabilities of the subsidiary because the subsidiary is a legal entity distinct from its parent company. However, the foreign company is liable for all the commitments of its branch in Belgium.

A subsidiary can benefit from some tax advantages:

- It can distribute dividends with a low or with no withholding tax;
- Subsidiaries and the parent company (established in the EU) can qualify in principle for the EU Parent-Subsidiary Directive;
- Leveraging through interest, royalties or management fees paid to, amongst others, the parent company;
- Application of the extensive Belgian tax treaty network.

Establishing a branch has the following advantages:

- There is no minimum capital requirement for setting up a branch in Belgium;
- The intervention of a Belgian notary is not required in case of the opening of a branch;
- The Belgian company law does in principle not require a board of directors meeting, profit distribution or shareholders' meetings. However, the Belgian company law requires the appointment of a legal representative;

Setting up a branch has a.o. the following tax advantages:

- No dividend withholding tax or any other type of "branch level" tax upon the transfer of branch profits to the foreign company;
- In principle, losses of the branch can be offset against foreign profits of the head office;
- Belgian branches of foreign companies can also apply the notional interest deduction on the amounts put in a durable way at their disposition.

In principle, a Belgian branch is treated in the same way as a Belgian tax resident company. The fact that a Belgian branch is considered to be part of the same legal entity as the foreign company has the following disadvantages:

- In principle, the tax deduction of payments made by the branch to its foreign head office (e.g. interest, royalties, management fees, etc.) is disallowed;
- No per se application of the Belgian tax treaty network. In principle, the tax treaties of the state of residence of the foreign company apply;
- No per se application of the EU Parent-Subsidiary Directive or EU Interest and Royalties Directive if the foreign company is a non-EU tax resident company.
- Annual filing requirements are less rigorous for subsidiaries than for branches. A branch's annual filing will disclose financial information about the foreign company that it may prefer to keep confidential.

3.5. Procedures to set up entity

In Belgium a company can be set up within a few days. The following procedure needs to be followed:

- To open an account in a Belgian bank, to deposit the initial required capital on this account and to obtain an attestation from the bank confirming that the amount is held on a blocked bank account;
- To draw up a business plan covering a period of three years. This business plan presents the planned activities as well as the expected income and budgeted expenses in this three-year period.
- To hold a meeting of shareholders before a Belgian notary:
 - who will validate the deed of incorporation and the business plan;
 - who will send an excerpt of the deed of incorporation to the clerk's office of the commercial court, which will grant to the company its unique "Enterprise number",
 - who will take care of the registration of the company with the Central Database for Enterprises. Then the "Enterprise number" of the company is activated.
- The notary sends the deed of incorporation to the Belgian Official Gazette (Belgisch Staatsblad / Moniteur Belge) for publication.
- If necessary (*i.e.* if the company performs any economic activity consisting of supplying goods or services in Belgium), the Belgian company has to be registered with the local VAT-office.

3.6. Capital contribution - regulation of foreign investment, debt-equity ratio rule and capital contribution schedule

3.6.1. Capital contribution

Capital contribution to a company can be made in cash or in kind.

In case where a capital contribution is made in cash, the shareholders must deposit the amount on a blocked bank account prior to the execution of the deed of incorporation. Such capital contribution needs to be certified by a Belgian notary.

As from 1st of January 2006, the registration duty due on capital contribution has been reduced to 0% (except in certain cases - see below).

In case where a capital contribution is made in assets (other than cash), a report must be drawn up by an auditor. In addition, the board of directors must establish a special report stating the reasons of the asset contribution (the interest of the company). Both reports must be delivered to the Belgian notary on the date of execution of the deed of incorporation (or the capital increase). In principle, there is no registration duty on such contribution.

However, if a physical person contributes a real estate (located in Belgium that is totally or partially used as a dwelling house) to a Belgian company, this contribution is subject to a registration duty of 12.5% (in Wallonia and in Brussels-Capital) or 10% (in Flanders).

A contribution of real estate whereby the company takes up part of a contributor's debt is called a mixed contribution. This type of contribution is partially subject to registration duty of 12.5% or 10%.

The mixed contribution rule does not apply in case of contributions of a branch of activity or of a universality of goods. In these cases, the contribution is fully exempt from registration duty.

3.6.2. Regulation of foreign investment

No restriction specifically applies to foreign investors.

Foreign investment in Belgium generally takes the form of establishing subsidiaries or establishing a branch. The Belgian governmental authorities actively promote foreign investment (in particular, with new tax regulations such as the notional interest deduction, the deduction for patents,...).

3.6.3. Debt-equity ratio rules

As from 1st July 2012, a general thin capitalization rule exists in Belgium. Besides this general thin capitalisation rule, the Belgian tax authorities can still apply the so-called "1-to-1" rule.

3.6.3.1. General thin capitalisation rule - ratio 5/1

As from July 1st, 2012, affiliated companies cannot deduct the excess of interest on intra-group loans when not satisfying the 5/1 thin cap rule. When these loans are five times higher than the sum of the taxed reserves at the beginning of the taxable year and the paid-up capital at the end of this period, the excess of interest will be considered as disallowed expenses. This rule is also in application when the beneficial owner of the interest is located in a tax haven country or if he is subject to a substantially more favourable tax regime than the Belgian common tax regime.

An exception to this thin-capitalisation rule exists for a company which is responsible for centralised treasury management within a group of companies. Such company can apply the thin-capitalisation rule on the net interest, being the difference between the interest paid to group members in the framework of its activity of centralised treasury and the interest received from group members in the framework of its activity of centralised treasury.

3.6.3.2. Special thin capitalisation rule - ratio 1/1

Interest on loans (other than bonds) granted to a Belgian company by shareholders (physical persons only) of that company or by any person (physical or moral) acting as manager/director/liquidator or exercising a similar function in that company (or by the spouse or minor children of such persons) will be requalified into dividends to the extent that:

- The interest rate exceeds the normal market rate, or;
- The amount of such loan exceeds the sum of the paid-up capital at the end of the taxable period and the taxable reserves at the beginning of that period.

Interest due on advances granted by a Belgian resident company subject to Belgian corporate income tax or an EU company is excluded from the above limitation.

3.7. Dissolution and liquidation of business entities

The company can decide to liquidate the company for any reason.

As from July 2006, a new liquidation procedure (which is much less flexible than the previously one) was introduced (by the Law of 2 June 2006). As such, the liquidator's appointment made by the shareholders' meeting needs to be approved by the Court of Commerce. A liquidation file has to be kept at the clerk's office of the Court of Commerce. Before the closing of the liquidation a repartition plan (presenting the distribution of the assets between the creditors of the liquidated company) needs to be approved by the Commercial Court.

As from 17 May 2012, the liquidation in a sole deed (swift procedure) is possible provided that 3 conditions are fulfilled:

- no liquidator must be appointed;
- there is no more liability in the financial statement at the moment of the closing of the liquidation;
- all the shareholders must be present or represented during the shareholders' meeting deciding the liquidation and closing of the liquidation (in front of the Belgian notary).

During the liquidation period till the closing of the liquidation, the liquidator is liable for the company engagements (instead of the directors/managers).

From a tax point of view, the company in liquidation remains subject to the corporate income tax obligations (*i.e.* to pay corporate income tax and to file its corporate income tax return).

A withholding tax of 10% is levied on the liquidation proceed. As from October 1st, 2014, the withholding tax on the liquidation proceed is increased up to 25%. An exemption based upon the European Parent-Subsidiary Directive can be applied in certain cases.

Please note that till September 30, 2014, a transitional period exists during which the Belgian company can incorporate taxed reserves in the capital at a rate of 10%.

As a consequence of the incorporation of the taxed reserves in the capital, a withholding tax of 10% will be due.

After a certain period (4 years for "small companies" and 8 years for other companies), a capital decrease related to these taxed reserves can be done with an exception of withholding taxes.

3.8. Annual statutory filing - statutory filing period, general procedures

Annually the managing board has to prepare the annual accounts, to have them approved by the ordinary general shareholders' meeting and to file these financial statements with the Belgian National Bank.

The filing of the financial statements (audited if required - see above point 3.2.) with the Belgian National Bank must be done electronically in a required format. These reports must be filed, at the latest, within six months after the closing of the financial year and within 30 days after the ordinary general shareholders' meeting approving these financial statements.

Late filing of the annual accounts can lead to a fine which can amount up to 1,200 EUR.

These financial statements are then available to the public.

With respect to the branches, they do not have to file their own annual accounts (that they have nevertheless to prepare according to the Belgian accounting law). However, they have to file the annual accounts of their parent company with the Belgian National Bank.

4. Taxation

4.1. Overview of Belgian tax system

The Belgian tax system can be divided into three main categories of taxes levied at the national level:

- Income taxes (personal income tax for residents of Belgium and non-residents who have sources of income within Belgium; corporate income tax for both resident and non-residents companies);
- Value added tax - VAT;
- Customs and excise duties.

At the regional and local level various forms of taxes are levied. Registration and inheritance tax are examples of regional taxes.

4.2. Corporate income tax

4.2.1. Introduction and persons liable for tax

Belgium has a corporate income tax system for resident companies and non-resident companies having a permanent establishment in Belgium.

A company is Belgian resident if the registered office or the principle place of business is in Belgium. The company is also resident if the main place of effective management is located in Belgium.

A company's taxable period is equal to its accounting year. For companies closing their accounts on December 31, the tax year is the following year (e.g. for the financial year per December 31, 2014, the tax year is 2015). For companies closing on another date, the tax year and the taxable period are equal (e.g. for the financial year per June 30, 2014, the tax year is 2014).

4.2.2. Tax assessment basis

Resident companies are subject to corporate income tax on their worldwide profits (even those undistributed).

Foreign companies having a branch (permanent establishment) in Belgium are also subject to corporate income tax on their Belgian-source profits.

In principle the taxable basis is calculated on the basis of normal accounting rules, unless there are any specific exceptions foreseen in tax law. The basic rule is that a company's taxable income consists of any increase in its total value as shown by the variation of reserves in the balance sheet between the beginning and the end of the financial year (without taking into account capital increases carried out during the financial year).

The net taxable income is divided into three main categories of taxable income: retained earnings, disallowed expenses and dividends. The following adjustments must be made when calculating the net taxable income:

- Determination of the tax profits or losses;
- Break-down of the tax profits or losses according to their source (Belgian or foreign);
- Deduction of income which is exempt under double tax treaties and certain other deductions;
- Deduction for "Participation Exemption" and for exempted movable income;
- Deduction for patent income;
- Allowance for corporate equity (= the notional interest deduction);
- Deduction of previous losses;
- Investment deduction.

The net taxable profit thus calculated is in principle taxed globally. The basic rate of corporate income amounts to 33.99% (= 33% + crisis surcharge of 3%).

When profit is lower than 322,500 euro, companies can benefit from reduced tax rates if the following conditions are met:

- At least 50% of the shares must be held by natural persons;
- The value of participations in other companies may not exceed 50% of the paid-up capital increased by the taxed reserves and the accounting capital gains (except for participations representing at least 75% of shares);
- The company must attribute to at least one director of the company a remuneration of at least 36,000 euro (or at least the amount of the taxable income if this is less than 36,000 euro);
- The paid dividends may not exceed 13% of the company's equity;

The reduced rates are as follows (tax rates including crisis surcharge):

<u>Income bracket (in euro)</u>	<u>Tax rate</u>
0 - 25,000	: 24.98%
25,001 - 90,000	: 31.93%
90,001 - 322,500	: 35.54%

Income that was realized abroad and that can be attributed to a permanent establishment of the Belgian company is generally exempted from corporate tax in Belgium due to application of tax treaties. In that case earnings imputable to a branch of the company outside Belgium can be deducted from the total taxable income.

No tax exemption exists if there is no tax treaty between Belgium and the foreign country where the profits were realized. It may in this case lead to double taxation.

4.2.3. Deductibility of expenses

All expenses made by the company within the limit of its activities are deductible from the taxable income, unless specific rules must be applied.

To be deductible, expenses must be made (booked or paid) during the income year with the objective to obtain or keep taxable income. The company must be able to prove the reality of expenses.

The following expenses are not deductible or deductible in a limited way:

- Belgian direct taxes as the corporate income tax itself, including increases, costs and interest for late payments;
- Certain regional taxes;
- Certain penalties;
- Certain pension contributions;
- Capital losses on shares;
- Certain payments to companies in tax havens, as well as certain excessive interest payments;
- Restaurant costs (deductible for 69%);
- Reception and entertainment expenses (deductible for 50%);
- Car expenses (deductible between 50 and 120% depending of the CO2 emissions of the car);
- A part (17%) of the value of benefit in kind for company cars;
- Fuel cost for cars (since 2010 deductible for 75%);
- Social benefits (exempted from personal tax for the beneficial) (e.g. lunch vouchers, medical insurance, etc.).

Investments

The depreciation of fixed assets is calculated based upon the useful economic life of concerned assets. The following standard straight-line depreciation rates are generally accepted by the Belgian tax authorities:

- Office buildings : 3%
- Industrial buildings : 5%
- Machinery and equipment : 10% to 20%
- Office furniture and equipment : 10% to 25%
- Vehicles : 20% to 33%

The declining balance method is also allowed (= twice the straight-line rate on the residual value with a maximum 40% of the investment value) except for intangible assets and for vehicles.

Provisions for bad debts and charges

Provisions for bad debts or charges are deductible if they are related to valuable and probable or certain losses or charges.

4.2.4. Incentives

The tax incentives for Belgian companies and Belgian branches of foreign companies are described under section 7.

4.2.5. Tax consolidation

Belgium does not know any tax consolidation system. Every legal entity is taxed separately.

4.2.6. Transfer pricing

Transactions between group companies must accord to the “arm’s length” principle as foreseen in the OECD guidelines. Belgian law contains specific rules to avoid abusive transfer of profits between companies.

The so-called “abnormal or benevolent advantages” granted by a Belgian company or Belgian branch to a foreign company are added to taxable income of the Belgian entity.

A Belgian company cannot decrease the taxable income with certain tax deductions such as previous tax losses or the notional interest deduction from the profits arising from received “abnormal or benevolent advantages”.

Corporate tax legislation contains also anti-avoidance rules regarding paid interest and royalties (rejection of interest exceeding market rate or interest paid to tax havens or group companies when 5/1 debt/equity ratio is exceeded) and regarding transfer of assets to certain foreign entities.

4.2.7. Rulings

Companies can file a request with the Ruling Commission for an advanced agreement regarding the fiscal consequences of operations to be realized. Rulings are normally treated within a period of 3 months (this period can be extended if additional information is required by the Ruling Commission). Rulings are in principle valid for a period of 5 years.

The ruling request must relate to a situation or transaction that does not yet exist or that was not entered into or has not yet had effect. No rulings can be obtained for operations that were already implemented or that are in litigation with the controlling tax authorities.

No rulings can be obtained regarding operations that involve tax havens that do not cooperate with the OECD.

4.2.8. Tax filing and payment deadlines

For companies closing on December 31, 2013, the deadline for submitting the tax return should be fixed around 15 September 2014.

Companies are invited to pay quarterly advanced payments of taxes. Companies who do not pay sufficient prepayments of taxes (compared to final income tax due) will pay a surtax. For income year 2014 the increase amounts to 1,6875%.

4.3. Personal income tax

4.3.1. Introduction and persons liable for tax

Any resident in Belgium is taxed on his worldwide income (personal income tax). Non-residents are only taxed on Belgian-source income (non-resident personal tax). The personal tax is levied at either a fixed or a progressive tax rate, depending on the type of income. Most income is taxed at the progressive tax rates.

4.3.2. Tax rate basis

A resident taxpayer is taxable on his total worldwide income. The taxable income is the total of the following four categories of income:

- Real estate income;
- Investment income: income from movable property including dividends, interest and royalties;
- Professional income (salary and wage/self-employed income/benefit in kind/pension, etc.), and;
- Miscellaneous income.

The income is taxed on a net basis, i.e. the income less the deductible losses and expenses. They are in principle accumulated and taxed according to the following progressive tax rates (unless specific fixed tax rate is foreseen):

<u>Taxable income in euro (Income year 2014)</u>	<u>Progressive tax rate</u>
0,00 - 8.680,00	25%
8.680,01 - 12.360,00	30%
12.360,01 - 20.600,00	40%
20.600,01 - 37.750,00	45%
Over 37.750,00	50%

In order to determine the taxable base of the professional income, the (mandatory) social security contributions can be deducted from the total gross income as well as the professional expenses. The deduction of the professional expenses can be made on a lump-sum basis (with a limited amount) or on an actual expense basis.

In principle, professional income (such as wages, salaries) is subject to a professional withholding tax to be paid by the employer. Such professional withholding tax will be deducted from the final personal tax of the individual.

The taxable income of a married couple (and also of legally cohabitant partners) is calculated separately. For these categories, if some conditions are fulfilled, a part of the income earned by one of the spouses can be transferred to the other spouse up to a certain limit, where it will be taxed at a lower tax rate. This is not possible for factually cohabitant partners.

For tax year 2015 (income year 2014), there is a basic rebate for tax free allowances of 7.070,00 euro per taxpayer. This allowance is increased in case of limited income, disability or persons at charge.

In principle, capital gains realised on non-professional assets are tax-exempt (e.g. capital gains on shares). However, some capital gains realised on real estate sold within 5 years after their acquisition are subject to tax as well as gains realised in the framework of activities with a speculative nature. In principle, such capital gains will be taxed at a separate tax rate.

The personal tax will in principle be increased with a communal tax ranging from 0% to 9% depending on the commune of residence for residents of Belgium and 7% for non-residents of Belgium. The communal tax is allocated to the municipality where the person lives on the 1st of January of the tax year for which the income tax return is filed.

4.3.3. Deductibility of expenses

Professional expenses can be deducted from the professional income either on a lump-sum basis or based on actual expenses.

The maximum lump-sum amount deductible from the wage of employees is 3.950,00 euro for the tax year 2015 (in the hands of the employee). With respect to a company director, the lump sum rate is 3% with a maximum deduction of 2.370,00 euro (tax year 2015).

If the professional expenses are deducted on an actual expense basis, supporting documents are required in order to prove the amount and the reality of the expenses (one of the conditions for deductibility). Some expenses are not deductible (private costs, taxes, ...) or are partly deductible (car expenses: 75% deductible; restaurant costs: 69% deductible; ...).

4.3.4. Tax deductible expenses, tax reductions and tax credits

Through the personal income tax system, the taxpayer is refunded for a portion of certain expenses, such as gifts to recognized charitable associations, investments in own housing, child care, ...

A first way this partial refund can occur is as a tax deductible expense, where the expense is deducted from the taxable basis (up to a certain limit). An example of this is the tax deduction for capital reimbursements and interest for mortgage loans or alimony payments.

A second system is the system of tax reductions, where the expense gives rise to a tax reduction ranging from 30% to 45%. Examples are gifts and child care.

The personal income tax system also foresees for certain expenses to give rise to a tax credit in case the tax reduction cannot be fully realised, such as can be the case for low income individuals.

These reductions are granted for Belgian residents. Some non-residents can also benefit from these reductions under certain conditions (like having a home in Belgium).

Starting from 2014, as foreseen in current State Reform, these reductions will depend and be granted by the Belgian regional authorities.

4.3.5. Incentives

Benefits in kind

In Belgium, the granting of benefits in kind (in the framework of the professional relationship) is taxed as a professional income. In principle, the valuation of the benefit in kind is made considering the actual value of the benefit in hands of the beneficiary. However, some of these benefits in kind are evaluated on a lump sum basis that can sometimes be very advantageous. This lump sum valuation is the case, for example, for the attribution of stock options on shares, the free use of a company car or a house, etc.

The taxation of company cars is very interesting for employees and directors and is calculated (since 1/01/2012) on the basis of the catalogue price of the car, the age of the car and on its CO2 emissions. A medium car represents on average a taxable income of about 1.500 to 2.000 euro per year. For more expensive cars, taxable income can climb up to 5.000/10.000 euro per year (or even more).

4.3.6. Tax filing and payment deadlines

The personal income tax return for Belgian residents must in principle be filed before the 30th of June of the year following the income year. The return can be filed on paper or electronically (through internet - Tax on Web). Extensions to this deadline are generally granted to tax advisors. In addition, the deadline for non-residents of Belgium is usually significantly later.

In case the return is filed too late or when it is incomplete, the Belgian tax authorities can apply taxation on the assumed income of the tax payer. In such case the tax payer has to prove that the taxable basis is lower than the one determined by the Belgian tax authorities (the burden of proof is then reversed).

In principle, personal tax is calculated and assessed before the 30th of June of the year following the tax year. However, in some cases (e.g. absence of income tax return), the assessment period can be longer (three years) (e.g. for income generated in 2012, personal tax should be assessed before 30th June 2014).

Interest and penalties can be calculated by the Belgian tax authorities in case of late payment of the tax.

4.4. Withholding tax

Withholding tax can be applied on payments of:

- Income;
- Dividends;
- Interest;
- Royalties.

Dividends

The payment of dividends is in principle subject to a withholding tax of 25%. For shares related to capital increase in SME's starting from 1st July 2013, reduced rates of 20% and 15% could be applied for distributions made starting from the second and third accounting year after capital increase.

Liquidation proceeds are subject to a withholding tax of 10%. Starting from 1st October 2014, withholding tax will pass to 25%.

According to the European Parent-Subsidiary directive dividends are exempted from withholding tax if they are paid to an EU company holding at least 10% of the shares during more than one year.

Since 2007 Belgium has also granted exemption under the same conditions for dividends paid to most of the countries with which Belgium has concluded a double tax treaty.

Interest

The payment of interest is in principle subject to a 25% withholding tax since 1st January 2013 except for interest on recognized deposit account savings which are still subject to 15% withholding tax.

The payment of royalties is subject to 25% withholding tax.

According to the European Interest and Royalties Directive interest and royalties are exempted from withholding tax for associated companies. To be considered as "associated companies", one of the 2 companies must hold at least 25% of the shares of the other company or a third company must hold at least 25% of both companies during more than one year.

4.5. Double taxation agreements

Belgium has concluded tax treaties with more than 90 States to avoid double taxation.

Dividends, interest and royalties are taxable in the State of residence of the company that receives the income but it can also be taxed in the source State. In the table in annex 1*, you will find the maximum source taxation foreseen in the tax treaties concluded by Belgium.

The lower rates for dividends can be applied if the recipient holds a certain minimum participation. For interest payments several exemptions exist. In the table only the general withholding tax rate is foreseen.

4.6. VAT

4.6.1. General information

VAT is a European tax on goods and services which is supported 'eventually' by the final consumer and which is levied in successive stages, namely at each transaction in the process of production and distribution. In view of the fact that at each stage of this process the tax paid on the inputs can be deducted, only the added value is taxed at that stage. VAT is therefore a non-cascading tax on consumption, which is paid off in instalments.

VAT is a proportional tax on the price of goods and services. The rates applied may, however, be different according to the nature of the goods or services to be taxed. The three main categories of taxable transactions are the following:

- The supply of goods and the supply of services carried out for a fee by a person liable to VAT, when they occur within the country;
- The import of goods into Belgium by any person whatsoever. Import shall only refer to goods coming from a country which is not a EU Member State;
- The intra-Community acquisition of goods, when it occurs in Belgium and is made for a fee. These are goods coming from any of the other EU Member States.

From April 1st, 2007 onwards, foreign companies are able to opt for 'VAT grouping system'. This means that all taxpaying entities of a group will be regarded by the Belgian VAT authorities as a single VAT taxpayer. Consequently, all transactions made between the members of the VAT group are out of the scope of the VAT and are not subject to VAT. There will be one VAT return for all the transaction made by the members of the VAT group.

4.6.2. Persons liable to VAT

A taxable person is any person who, in exercising his economic activity, carries out, in a regular and independent manner, whether on a principal or accessory basis, with or without profit motive, the supply of goods or services referred to in the VAT Code.

4.6.3. Exemptions

These exemptions can be divided into two groups:

On one hand, there are the activities which are exempted from VAT, but which still enable the VAT taxpayer to deduct VAT levied on the purchased goods and services. These are the following:

- Export;
- Intra-Community supplies of goods (supplies to other EU Member States);
- Supplies of goods to a taxable person or to a non-taxable legal person in another Member State of the EU, who are required to subject their intra-Community acquisitions of goods to VAT;
- ...

On the other hand, there are exempted activities for which the exemption is based mainly on cultural and social reasons and which do not enable the taxpayer to deduct any input of VAT levied on goods and services delivered to him. These are a.m. the following:

- Services provided by the medical and certain paramedical professions;
- Services provided by certain sport establishments;
- Banking and insurance services;
- Rent of immovable property;

4.6.4. VAT rates

VAT is applicable to most sales of goods and services at a standard rate of 21%.

A 12% rate is applicable margarine, coal, social housing and restaurant catering (except for drinks).

A 6% rate is applicable to supplies of basic necessities such as food, pharmaceuticals, books and certain periodicals, etc. The 6% rate is also applicable for the building and renovation of houses under certain conditions.

4.6.5. Filing and payment

In principle, a monthly VAT return has to be filed. If the annual turnover (exclusive of VAT) does not exceed 2,500,000 euro, the VAT payer can file a VAT return on a quarterly basis.

Periodical VAT returns have to be filed no later than the 20th of the month following the month or the calendar quarter during which the VAT is due. By this date, the balance of VAT due has to be paid.

If quarterly VAT returns are filed, two monthly instalments are due on the 20th of the second and third month of each quarter. These instalments amount to one third of the VAT due in the preceding quarter.

The VAT taxpayer has to file yearly a list of the Belgian customers taxable persons to whom he made supplies. With respect to intra-Community supplies and the services for which the VAT is reverse charged, an intra-Community list must be monthly submitted. Under certain conditions, this intra-Community list can be filed quarterly (a. o. the intra-Community supplies must amount less than 50,000 euro).

4.7. Regional and local taxes

The regions and municipalities in Belgium are authorized to levy some taxes within the limits of their competence.

Among those taxes, there are in particular:

- Real estate property tax;
- Registration taxes;
- Inheritance and gift taxes.

4.7.1. Real estate property tax

Owners of real estate property in Belgium are liable to a property tax. It is an annual tax which amounts to a certain percentage of the “cadastral income” (= the annual normal rental value) of the property.

4.7.2. Registration taxes

Registration taxes are due on the purchase and transfer of real estate properties located in Belgium (excluding new buildings for which VAT is applicable).

The rate of the taxes depends of the region in Belgium where the real estate is located (10% in Flanders, 12.5% in Wallonia and in Brussels).

Registration taxes are also applicable in case of a gift of a real estate at the same rates than for inheritance tax (see below).

The gift of movable assets can be registered but is not compulsory. If registered the gift will cost between 3 to 7,7% depending on the region where the donator is domiciled when the donation takes place and depending of the quality of the donator (parents/children; brothers/sisters; uncle; others, etc.). For the gift of shares in companies other than real estate companies special lower rates can be applied if certain conditions are met.

4.7.3. Inheritance tax

Inheritance tax is a regional tax levied on a deceased's estate.

Rates are different between the three regions in Belgium (Wallonia, Flanders and Brussels) and depend on the familial connection with the deceased.

The inheritance tax is due in the region where the deceased person had his last fiscal residence.

Certain exemptions and reductions can be applied (according to the regional inheritance tax law).

5. Employment

5.1. Foreign Visa

5.1.1. Visa Requirements

Employees who are nationals of the EEA countries (European Economic Area) (EU members + Iceland, Norway, Liechtenstein) or Switzerland can enter Belgium on the basis of their national passport, without being in the possession of a visa.

For nationals of non-EEA countries who will stay in Belgium for less than 90 days within any period of 6 months, a visa will be required to enter Belgium depending on the person's nationality: citizens of the USA, Australia, Canada, Korea, Japan, etc. can enter Belgium for short term stay on the basis of their national passport. Other nationalities such as citizens of India, China, Turkey, a business visa C (a short term visa) or a C type Schengen visa will be required.

Nationals of non-EEA countries, who will stay in Belgium for more than 90 days within any period of 6 months, have to be in possession of a type D visa (work visa, family reunification etc.) in order to enter the country. They are required to obtain a Belgian residence permit. This application for the visa D has to be filed at the Belgian Embassy or Consulate in the home country or last country of residence. It can only be filed after delivery of the work permit and prior to the arrival in Belgium.

The most important documents needed are:

- A medical certificate of no older than 3 months, either issued by a European doctor or issued by a doctor recognized by the Belgian Embassy/Consulate and legalized;
- A certificate of good moral conduct of no older than 6 months, covering the last 5 years duly legalized and translated;
- Visa application forms;
- A national passport;
- A work permit.

Every Embassy/Consulate has its own requirements and might ask additional documents.

5.2. Foreign personnel - work permit, professional card and residence permit

Before assigning or relocating a foreign employee to work in Belgium or before a self-employed person moves here to work, it is important to know whether the employee needs a work / professional card and a residence permit.

Without the required documents, he may not work or reside in Belgium.

The procedure depends on the employee's nationality.

5.2.1. Work Permit - Professional Card

When the employee is a national of one of the countries of the European Economic Area (EEA) (EU members + Iceland, Norway, Liechtenstein) or Switzerland, in principle, they are free to work in another Member State without having a work permit or professional card, because the EU treaty provides for the free movement of persons within the European Union.

The following countries are members of the European Union: Austria, Belgium, Bulgaria, Croatia, Cyprus, The Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, The Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the UK. For Croatia however, transitional measures are still in place.

A non-EEA national employee in principle needs to be in the possession of a work permit to work in Belgium, but there are some categories of workers who are exempted.

The employer has to obtain an authorization to employ personnel in Belgium and has to apply for a work permit for his foreign employee in Belgium.

Non-EEA self-employed persons intending to take up self-employment in Belgium, have in principle to be in the possession of a professional card. Some categories are exempted. The professional card has to be applied for from the Belgian diplomatic or consular representative in the applicant's country of residence or from the local authority where the applicant is resident (or is established) in Belgium.

5.2.2. Belgian Residence Permit

EEA nationals who will stay in Belgium for less than 90 days within any period of 6 months, have to be in possession of a declaration of arrival issued by their local authority. This declaration of arrival is issued on the basis of the person's national passport and is valid for 90 days. If the employee stays in a hotel, the hotel register takes the place of a declaration of arrival.

If the employee will stay in Belgium for more than 90 days within any period of 6 months, a declaration of registration has to be applied for. The application for this

“declaration of registration” has to be filed with the municipality of the place of residence of the employee. The validity of this card depends on the length of stay of the individual in Belgium.

Non-EEA nationals, who will stay in Belgium for less than 90 days within any period of 6 months, have to be in possession of a declaration of arrival issued by their local authority. This is issued on the basis of their visa or national passport and is valid for 90 days. If the employee will stay in a hotel, the hotel register takes the place of a declaration of arrival.

If the employee will stay in Belgium for more than 90 days within any period of 6 months, a Belgian residence permit (electronic residence card A) has to be applied for. This application has to be filed with the local council office for the individual's place of residence.

5.3. Labor law

Belgian Labor law will be applicable during work assignments in Belgium.

A foreign employer has to be aware of the Belgian labor, salary and employment conditions provided in Belgian statutory or administrative provisions or in Collective Labor Agreements, which are generally binding and which carry criminal penalties.

Employees are classified by law as blue-collar or white-collar in Belgium. This classification is made at a national level and affects employee vacation, paid leave in the event of work-related accidents or illnesses, methods and terms for termination for the period in service before 1 January 2014, the possibility of including non-competition or arbitration clauses, notice periods and indemnities in the event of dismissal. Special rules apply in relation to some categories of employees such as sales representatives or employees working from home.

The most important items covered by this law are indicated below.

5.3.1. Employment contracts

Written employment contracts are not required but they are usually recommended. For specific employment conditions to apply, the contracts must be in writing. For example, a written contract will be required if the parties wish to conclude an employment contract for a limited duration, for a specific project or for a part-time job. Without a written document stating its duration, the contract will be subject to the rules and conditions applicable to employment contracts of an unlimited duration. Likewise, a written contract will be required if the parties wish to insert certain clauses into the contract (e.g. non-competition clauses, training clauses, if the employee is assumed to work from home, pre-termination agreements or part-time contracts). In the absence of a written contract, these provisions will be considered invalid.

The terms and conditions of employment must comply strictly with legal provisions such as:

- Non-competition clauses are only permitted for relatively well paid employees and their admissible coverage is strictly regulated;
- Training clauses must be limited in time, are only permitted for specific types of training and limit the employer to only a certain amount of reimbursement;
- Arbitration clauses may only be included in contracts of employment entered into with top-level employees who are entrusted with the company's day-to-day management or who assume similar responsibilities in a division of the corporation.

5.3.2. Wages

The joint industrial committee of each particular sector usually fixes minimum wages for specific occupations. These minimum levels are automatically adjusted according to an index established at national level. Minimum wages apply to all employed personnel. The company has the discretion to pay more than the minimum for all employees, including executives and senior management.

To obtain a work permit the following minimum earnings are required:

- An employee with a “leading function” must earn a gross annual salary in excess of 65.771 EUR (as of January 1, 2014);
- A “highly qualified” employee (for a maximum term of employment of four years) must earn more than 39.422 EUR (as of January 1, 2014).

Note that these amounts are adjusted annually for inflation.

5.3.3. Working hours for employees

For a full-time employment the maximum working hours of the employee will be specified in the joint industrial committee. In general the maximum working hours per week will be 38 hours. In Belgium all working activities are distributed within a particular economic sector (e.g. the chemical industry, the building sector, the metal sector, etc.). Every company, including foreign companies, will fall under the scope of a specific joint industrial committee (JIC).

A part-time employee must work at least 1/3 of a full-time working schedule each week. Every employee must work at least 3 consecutive hours per work period. There are a few exceptions to which these rules do not apply.

Overtime: it is prohibited to make people perform overtime, except in a number of cases permitted by law, and often on the condition that a special supplement is paid for the extra hours worked (50% for overtime on weekdays and 100% for overtime on Sundays and public holidays). Moreover an employee who works overtime, is entitled to compensatory resting days. These rules do not apply to employees who are not subject to the Labor Laws, in particular employees with a managerial position or one involving confidentiality, domestic staff and commercial representatives.

5.3.4. Sick pay and leave

Special national insurance exists for most employment-related illnesses (i.e. any sickness that is directly and chiefly caused by the job performed). A Belgian national insurance fund, to which employers as well as employees contribute, pays an employee's salary during the course of their illness. In addition, employers may be obliged to pay their personnel for certain days not covered by this fund. Different rules apply in relation to blue-collar and white-collar workers.

5.3.5. Vacations

The number of vacation days to which the employee is entitled, is determined by the number of days or months during which services were performed (or considered equivalent to work days) in the previous year.

White-collar workers who are full-time and employed five days a week (the usual arrangement in Belgium) throughout a year are entitled to 20 days of vacation in the subsequent year.

Blue-collar workers are entitled to vacation on the basis of the number of effective working days performed during the year, with a maximum of 20 days under the five day week system.

Young workers who start their career after leaving school or finishing their apprenticeship are entitled to additional vacation under certain conditions. Also senior employees who start working again after a period of unemployment can qualify for additional leave under certain conditions. Recently, under European pressure, Belgium has adopted additional leave under certain conditions also for all employees who start working (again) and are not yet entitled to all 20 vacation days.

Joint industrial committees or individual employers can grant extra vacation days.

5.3.6. A thirteenth month

A thirteenth month is paid to the majority of employees at Christmas, in accordance with a sector level collective agreement (or individual employment agreement).

5.3.7. Public holidays

Belgian public holidays in addition to vacation: ten days are considered as public holidays with normal pay: New Year's Day (1 January), Easter Monday, 1 May (Labor Day), Ascension Day, Whit Monday, 21 July (Belgian National Holiday), Assumption (15 August), All Saints' Day (1 November), Armistice Day (11 November) and Christmas Day (25 December).

When a public holiday falls on a Sunday or a normal day of inactivity the corresponding day off may be taken on the next working day, unless otherwise decided by collective agreement.

5.4. How to recruit staff

The simplest and least expensive method is to contact the regional Employment Agency.

This official government agency can contact individuals listed on its extensive database and refer candidates for potential employment. There is no charge for these services. This agency can also assist with training candidates to acquire skills for which there is a shortage in the labor market or with training those who are unemployed.

A wide variety of services are also offered by private companies to assist with both Belgian and pan-European recruiting campaigns such as on-campus recruiting, image building and Internet recruiting. Companies can also insert classified advertisements in newspapers or place notices at universities. Many agencies assist with the recruiting of temporary personnel both for full-time and part-time assignments. A variety of executive search firms are available to assist in identifying qualified employees. Executive search firms are licensed under Belgian law.

5.5. Employment procedures

5.5.1. Multilingual issues

Many foreign investors are attracted to Belgium because of its multicultural population and the fact that several languages are easily used in the workplace. There are a number of regulations regarding the language to be used in contracts of employment as well as in other documents involving personnel.

The language of labor-related documents must be Dutch if the company has an operational basis in Flanders. If the basis is located in the Walloon region the language to be used within the framework of labor relations should be French. Strict attention must be paid to these regulations because failure to comply can result in the documents concerned being null and void. Belgian law allows the complementary use of another language without penalty however, should circumstances make this appropriate.

In the bilingual region Brussels, Dutch or French may be used depending on the mother tongue of the employee. In the German-speaking part of Belgium only German may be used.

5.5.2. Special requirements for foreign workers

Belgium classifies a foreign employee's relationship with his employer in one of two ways: temporary secondment or attachment.

In the case of temporary secondment, the employment relationship is maintained with the foreign company which assigns the employee on a temporary basis to Belgium with regard to organizing, reorganizing or controlling its activities. The employee is subordinate to the foreign employer - he or she continues to receive instructions from, and is required to report to the foreign management. He cannot become an

employee of the Belgian company. The seconded employee remains on the payroll of the foreign company which continues to pay his salary. In addition, the seconded employee continues to be covered by the foreign company's social security scheme.

In the case of attachment, the foreign employee becomes the employee of the Belgian business and is listed on its payroll. The employee receives instructions from the local Belgian business and performs his or her duties under the authority of the Belgian management.

The employee is also subject to the Belgian social security system.

Employees will be eligible for favorable tax status provided in Belgium for foreign executives provided they satisfy either of the following two conditions:

- They are detached either by a foreign corporation to work temporarily with its establishment in Belgium or with another company it controls, or by a foreign corporation member of an international group to work on a temporary basis with another company of the same group or with a control or coordination office of the group, or;
- Are hired by a Belgian subsidiary of a foreign corporation or member of an international group to work in Belgium.

Every employer who employs in Belgium an employee, subject to Belgian social security, has to register this employee with the Belgian social security authorities by making a 'Dimona' - registration before his assignment.

For employees not subjected to Belgian social security, a LIMOSA declaration has to be filed before the commencement of work in Belgium. This declaration can be made via the internet at www.limosabe.be.

Foreign workers must also have a work permit to be legally employed in Belgium (most European Economic Area citizens excepted). The employee will receive a type B work permit which is valid for a maximum of one year (and for employment with one employer) and is renewable. The employer is responsible for obtaining and renewing the permit.

When an employer has personnel that was hired abroad or worked abroad, then, while they are working in Belgium, it has to draw up certain 'social documents' and observe a number of obligations imposed by Belgian employment law (sometimes referred to as 'social law'). These provisions apply regardless of the location of the employer or the nationality of the posted employee. Nor is it relevant what social security system or income tax treatment applies.

As a result of filing the LIMOSA declaration, the employer will be exempted from the obligation to draw up the aforementioned social documents for a period of 12 months.

After the initial 12-month period, the employer will still need to draw up the aforementioned documents and appoint a "social representative" (see below).

Before the employer starts with personnel in Belgium he has to take a mandatory work accident insurance.

5.5.3. 'Social documents'

Each company employing personnel in Belgium is required to prepare, maintain and retain certain employment-related documents in order to allow the Social Inspector in Belgium to verify whether it is in compliance with the law. These 'social' documents mainly include a personnel register, the work regulations and the individual payroll accounts.

These social documents have to be kept by a duly authorized individual residing in Belgium, a "social representative" (i.e. the *sociaal mandataris/mandataire social*, or authorized representative for employment matters).

The authorized representative is in charge of keeping the work regulations, the personnel register and the individual accounts for the foreign employer.

5.5.4. Social security

Employees who work in Belgium are in principle covered by the Belgian social security system. However, depending on the nationality of the employee, an exception may apply under which the employee remains covered by his home social security system if the employee is seconded to Belgium.

In general, the exception may apply to employees employed in the EU/EEA Member States or Switzerland or to employees from countries that have a social security treaty with Belgium.

If an employee working in the EEA for an EEA-based employer (or place of business - in Dutch: *exploitatiezetel* / in French: *siège d'exploitation*) remains covered by the social security system of his home country, as an exception to the main rule that an employee is covered by the social security system of the work country, a so-called A1 statement must be applied for from the social security authorities of the home country. This statement serves as proof to the Belgian social security authorities that the employee continues to be covered in his home country.

Belgium has social security treaties with the following countries: Algeria, Australia, Bosnia and Herzegovina, Canada, Chile, Congo, Israel, India, Japan, Kosovo, Macedonia, Montenegro, Morocco, Philippines, Quebec, San Marino, Serbia, South-Korea, Tunisia, Turkey, Uruguay, USA.

On the basis of a social security treaty, a certificate of coverage can be applied for from the social security authorities of the home country to serve as proof to the Belgian social security authorities that the employee continues to be covered in his home country.

Please note that a secondment under the home social security system is usually subject to certain conditions and time limits.

Where there is no social security treaty, Belgian social security will apply, unless there is no link of subordination towards a Belgian or European employer or a place of business of the foreign company.

In the latter case, no Belgian social security contributions are due, meaning that, for assignments from a non-EEA country to Belgium, the employee can remain subject to his home social security regime.

5.5.5. Social security coverage

If the conditions to be able to second an employee under the home social security scheme are unfulfilled, the employee will become subject to the Belgian social security scheme.

In the salaried persons' scheme, both employees and employers have to pay contributions to the National Office for Social Security (RSZ - ONSS). Belgian social security contributions (ONSS/RSZ) for an employee are calculated on the full gross salary of the employee. These contributions amount to:

- 13,07% for the employee's contribution;
- approximately 35% for the employers' contributions.

Note that, in certain sectors, some minor differences may exist in the contribution level for employers. The precise percentage of social security contributions due by the employer will thus ultimately depend on the applicable joint committee and the number of employees under contract. Furthermore, numerous measures to promote employment in Belgium might reduce the amount of the employer social security contributions.

The classic social security structure encompasses seven sectors:

- Old-age and survivor's pensions;
- Unemployment;
- Insurance for accidents & diseases;
- Insurance for occupational diseases;
- Family benefits;
- Illness and disability insurance;
- Annual vacation.

5.6. Cost of employment

The gross salary of the employee will be determined by salary scales (minimum wages) depending of the applicable sector of industry. This means that it is very important that the right JIC is allocated.

5.6.1. Additional Costs

In addition to the cost of wages and social security, you must also take into account a number of other costs:

- An employer must take out an industrial accident insurance before he engages his first employee. He can take out this policy with an ordinary Belgian insurance company.
- An employer must also join an external prevention and protection service.

Getting started with personnel in Belgium who are exclusively employed in Belgium by a foreign employer or connected with a seat of management belonging to the employer and located in Belgium, social security contributions must be deducted and paid to the National Service for Social Security. The contributions will be calculated on the gross salary of the employees.

If an employee employed in Belgium is seconded to a member State in the EEA, it is possible that Belgian social security contributions must still be paid. This is also the case if the employee is a Belgian resident and performs his activities in several countries of the EEA on a simultaneous basis.

Any benefits allocated to the employee must be taken into account: e.g., meal vouchers, social subscription, group insurance, etc. These costs depend on the situation and therefore might be difficult to estimate.

Different sectors have elaborated their own systems for additional social benefits. This concerns, for example, a year-end premium, supplementary unemployment or sickness benefits, supplementary holiday money, premiums, etc.

All wage costs are tax-deductible for the firm. There are a number of employment subsidies to reduce wage costs for the employer.

5.7. Welfare benefits

5.7.1. Social benefits

Social benefits are benefits in kind granted by an employer to its employees for social reasons. Such benefits do not have the character of remuneration and are within certain limits and conditions not subject to income taxes and social security contributions. As a rule, the cost of the social benefits is not tax deductible for the company (see however exceptions below).

Benefits are considered to be “social benefits” if:

- It is impossible to individualize the benefits because of the way they are granted (e.g. collective benefits such as daily meals for the personnel at a social price, Saint Nicholas parties, etc.);
- The benefits do not have the nature of real salary although they can be individualized (e.g. support and aid at the occasion of severe sickness, death in the family, etc.);
- They are occasional benefits of a minor amount, without a direct link with the professional activity (e.g. toys for the children, a wedding present, a jubilee, etc.).

5.7.2. Cost proper to the employer

Article 31, 1^o of the Belgian Income Tax Code provides that the allowances granted as a “reimbursement of actual expenses attributable to the employer” are not included in the taxable compensation of an employee.

If an employee has incurred costs attributable to the employer, he can reclaim these costs on the basis of expense reports. The employer may opt for a fixed allowance to be paid to certain executives as refunds of these expenses. This fixed allowance system can be used for representation expenses, which generally covers the following costs:

- Costs for the use of an office at home, including electricity, Personal Computer, etc.;
- Participation costs relating to events, cultural and sports activities that relate to the business environment;
- Memberships to professional organizations and credit card institutions;
- Subscriptions to professional journals and magazines;
- Small car related costs such as parking, car wash, taxi, etc.
- Small personal business gifts;
- ...

In case such allowances are paid on a lump-sum basis, the tax inspector may ask the employer to prove that these allowances have been effectively used to cover such expenses and that the amount is based on serious and concordant criteria. These

criteria could be either the allowances granted by the State to its agents or norms resulting from observations and numerous crosschecks. These norms should be explicitly described in a representation allowances company policy.

The business expenses which are reimbursed on the basis of a lump-sum allowance should not be reimbursed a second time on the basis of expense reports. Furthermore, the employees receiving an allowance to cover certain expenses cannot deduct such expenses as business expenses in their personal tax return.

In case the amounts paid are excessive, the tax inspector could add this part of the allowance to the individual's taxable income.

Representation allowances are tax deductible business expenses for the company. If lump sum representation allowances are deemed to cover expenses that are only partially deductible, the same limitations apply.

Fixed representation allowances, which cover reasonable professional expenses, will not be considered to be salary for Belgian social security purposes.

The amount of the representation allowances effectively granted must be mentioned on the salary form 281.10 (or 281.20 for managers / members of the board). In case these salary reporting formalities would not be fulfilled, the Belgian tax authorities could impose the secret commission tax at a rate of 309%, the allowances and the secret commission taxation being however deductible expenses for corporate income tax purposes.

When working with daily lump-sum allowances, the Belgian tax authorities also refer to the official list of daily lump-sum allowances that are paid by the Ministry of Foreign Affairs to its civil servants when they are sent on mission abroad. Those daily allowances vary depending on the country visited.

The Foreign Affairs daily lump-sum allowances are therefore accepted by the Belgian tax authorities as non-taxable reimbursement of costs proper to the employer. Lodging costs can also be reimbursed on a lump-sum basis, with amounts accepted by the tax authorities, if they are based on the same list.

5.7.3. Other allowances/benefits

Other most popular Belgian allowances/benefits are:

- Lunch vouchers;
- Company car;
- Accommodation allowances;
- Hospitalization insurance;
- Group insurance;
- Mobile phone;
- Expatriate Tax Status.

5.8. Termination of employment

The contract of employment may be terminated at any time for various reasons:

- By mutual agreement;
- You wish to dismiss your employee subject to a period of notice or payment of compensation in lieu of notice;
- You wish to end the working relationship for urgent reasons;
- Your employee terminates his contract of employment himself.

If the employer terminates the contract unilaterally, there are many things to consider: the appropriate period of notice or compensation in lieu must be calculated correctly; you have to see whether the employee concerned must be replaced or whether outplacement must be offered, whether a supplementary early-retirement pension payment has to be made, or whether the dismissal will give rise to undesirable financial risks. Just think of a blue-collar workers or a white-collar worker who enjoy relative dismissal protection for pregnancy, parental leave, etc. Every dismissal / resignation is consequently a delicate matter involving many factors: the employee's status as blue-collar or white-collar worker, the age of the employee, the length of service with the company, the reason for the dismissal, etc.

Please note that the difference, with respect to the dismissal rules, between blue-collar and white-collar employees is slowly disappearing.

The employer may not forget to do the DIMONA registration of the last working day of the employee in due time.

5.9. Trade Union

As in most continental European countries, trade unions play an important role in business in Belgium. They are involved in the industrial committees and they may also be involved at the level of individual businesses through trade union delegations.

The minimum number of staff in a plant or company needed to establish a union delegation varies from 30 to 50. In most sectors, separate blue-collar and white-collar delegations exist within the same company or plant.

6. Accounting

6.1. Accounting regulations

The rules in Belgium for the bookkeeping, and the preparation and filing of statutory and consolidated financial statements are ruled by the following laws and implementing decrees:

- The Companies Code (Law of 7 may 1999), executed by the Royal Decree of 30 January 2001;
- The implementing Royal Decree of 30 January 2001 which co-ordinates accounting legislation enacted in Belgium since the 1970s;
- Law of 17 July 1975 on enterprise bookkeeping;
- Royal Decree of 12 September 1983 concerning the simplified bookkeeping and how to hold and keep the enterprise books;
- Royal Decree of 12 September 1983 governing the minimum chart of accounts;
- Royal Decree of 18 January 2005 requiring certain companies to publish their consolidated financial statements in accordance with IFRS).

This Belgian legal framework ("Belgian GAAP") is completed by recommendations and interpretations issued by the Accounting Standards Commissions.

6.2. Accounting standards

It should be noted that Belgian GAAP stipulated separately the requirements and the recommendations for individuals entities' financial statements as well as for consolidated financial statements (part of Royal Decree of 30 January 2001), whereas IAS/IFRS principally applies to consolidated financial statements, with a few exceptions.

A number of regulatory bodies such as the Financial Services and Market Authority (FSMA) enforce financial reporting standards applicable to enterprises under their supervision, and also issue specific requirements to such enterprises under their supervision, which include, in addition to listed companies, banks, investment companies, insurance companies and pension funds.

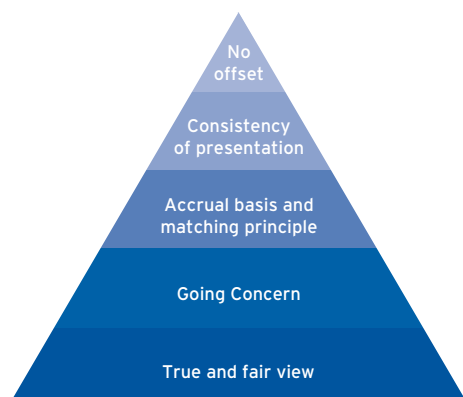
In Belgium, despite the adoption of IFRS for the consolidated financial statements of several types of companies, Belgian GAAP remains the required accounting framework for company financial statements, because of the current impact on tax, company laws and SMEs (small and medium size entities). The current situation is indeed as follows for Belgian companies:

- Consolidated financial statements. IFRS as adopted by the European Union are required as from financial year 2005 for listed companies, as from 2006 for banks and as from 2007 for those companies that only have bonds listed. Other companies are allowed since 2004 to early adopt IFRS instead of Belgian GAAP in their consolidated financial statements (irrevocable choice).

- Company financial statements. Belgian GAAP is still mandatory for company financial statement (except for listed real-estate investment trusts that must apply IFRS for company financial statements as from 2007).

The annual accounts comprise the balance sheet, the income statement and the notes to the accounts. Under Belgian GAAP, elements of the balance sheet or of the income statement are set out in a standard layout (depending from the size of the company)

The annual accounts (financial statement) have to satisfy some very important principles:



In Belgian GAAP, like in other usual GAAP, the annual accounts shall give a true and fair view of the assets, liabilities, financial position and the results of operations of an enterprise.

If, in exceptional cases, the application of an accounting policy provided for in the royal decree to a conflict with the true and fair view principle, this rule shall be departed from to comply with Royal Decree. The effect of this departure on the assets, liabilities, financial position and results of operations of the enterprise shall be disclosed in the notes to the annual accounts for the first financial period in which this departure occurs.

Each enterprise shall, taking into account the particular nature of its business, define the rules to be used for the valuation of all assets, liabilities, income and charges and in particular for establishing and adjusting depreciation/amortisation, write-downs, provisions for liabilities and charges, and revaluations. These rules shall be determined by the board of directors. They shall be summarised in the notes; this summary must be clear enough to understand the accounting policies applied.

The valuation of each asset and liability shall satisfy the criteria of prudence, sincerity and good faith. The accounting policies referred to in Royal Decree shall be consistently applied from one financial period to another. They shall not depend upon the result of the period. They shall, however, be modified in cases where the accounting policies previously applied no longer comply with Royal Decree, particularly as a result of significant changes in the activities of the enterprise, in the structure of its assets and liabilities or due to economic or technical circumstances.

For determining and applying the accounting policies, the enterprise is presumed to be carrying on its business as a going concern. If the balance sheet shows losses carried forward or if the enterprise has incurred losses for the last two years, the annual directors' report shall include a comment justifying that it was appropriate to use the going concern assumption to draw up the annual accounts.

When an enterprise decides to cease its activities - whether a decision to go into liquidation has been taken or not - or when an enterprise can no longer be considered as carrying on its business as a going concern, the accounting policies shall be modified accordingly and, in particular:

- Formation expenses shall be fully amortised;
- Fixed and current assets shall, where required, be subject to supplementary depreciation/amortisation or diminution in value so as to reduce the accounting value to the estimated realisable value;
- A provision shall be recorded in respect of expenses resulting from the discontinuation of activities and in particular for indemnities payable to personnel.

When a division or a business segment of an enterprise ceases activities, the previous paragraph also applies to the assets, liabilities and commitments of that division or business segment.

Charges and income relating to the current financial period or prior periods shall be accounted for an accrual basis

No offset between assets and liabilities, rights and commitments or income and charges shall be permitted, except as provided for in the Royal Decree, i.e. depreciation and amounts written off are deducted from assets to which they relate.

The amounts relating to the preceding financial period are required to be shown for each caption and sub-caption of the balance sheet and the income statement. When the amounts of a financial period are not comparable with those of the preceding financial period, the notes to the annual and consolidated accounts must include the necessary details to allow proper comparison.

The measurement basis for the assets is the acquisition cost (i.e. the purchase price, the production cost or the assigned value).

In certain cases, another measurement basis is used:

- Nominal value;
- Market value;
- Discounted value;
- Revalued amount.

The acquisition cost can be defined as either the purchase consideration or the manufacturing cost. The purchase consideration includes the purchase price and ancillary costs such as non-refundable taxes and transport costs. Manufacturing cost includes (i) the purchase price of the raw materials, consumables and supplies (ii) the production costs directly attributable to the individual product or product group, and (iii) a proportion of the production costs which are only indirectly attributable to the product or product group, providing such direct and indirect production costs relate to a normal production period.

6.3. Measurement of the most common assets

Hereafter we will summarize the measurement of the most common assets:

Assets	Definitions	Measurement basis
Formation expenses	Expenses relates to the incorporation, further development or restructuring of the enterprise, in particular costs of incorporation or in respect of a share capital increase, loan issue expenses, and restructuring costs.	Purchase price
Intangible assets	<p>Research and development costs</p> <p>Concessions, patents, licences, know-how, trademarks and other similar rights</p> <p>Advance payments in respect of intangible assets</p>	<p>Purchase price or manufacturing cost for intangible assets other than those acquired from third parties.</p> <p>The acquisition costs may include the interest charges on external funding used to finance the intangible asset, provided these interest charges relate to the period before the intangible asset is put in use by the enterprise</p>

Intangible assets	Goodwill	Is the part of the acquisition cost of an enterprise or a branch of activity, which exceeds the net assets value of that enterprise or branch of activity
Tangible assets	Property, Plant and Equipment	<p>Assets are initially valued at cost, meaning either purchase price, production cost or contribution value. Purchase price includes ancillary costs, such as non-recoverable taxes and freight expenses.</p> <p>Acquisition cost of tangible may include interest on capital borrowed to finance their acquisition.</p> <p>Tangible fixed assets are considered as non-monetary items. An acquisition price denominated in foreign currency should therefore in principle be recorded at the exchange rate in effect at the acquisition date (or period) and not be subsequently revalued for fluctuations of the relevant foreign exchange rate.</p> <p>In some circumstances, enterprise may revalue tangible fixed assets. Surpluses arising on revaluation are recorded directly on a specific section under equity, and maintained there as long as the assets to which they relate have not been disposed of.</p>
Inventory	Inventories are current assets maintained in the cycle of operations to be (i) consumed when they are first used or (ii) sold as such or after a production process.	<p>Raw materials and consumables, finished goods, goods purchased for resale and immovable properties acquired or constructed for resale shall be valued at the lower of acquisition cost and market value as at the balance sheet date.</p> <p>Work in progress shall be valued at production cost. Work in progress shall be written down if the production cost, plus estimated expenses still to be incurred exceeds the net selling price at the balance sheet date.</p>

7. Investing in Belgium

7.1. General information about investing in Belgium

7.1.1. Top EU regions: Brussels, Flanders, Wallonia: leading investment destination

Belgium has a clear international outlook due to its geographical location, multicultural population and history. For centuries, it has been a crossroad and trading hub, retaining the best of Latin, Germanic and Anglo-Saxon cultures. The people of Belgium enjoy a fine reputation for their high level of productivity, loyalty, openness and multilingual skills.

Belgium is a federal state consisting of three regions: Brussels, Flanders and Wallonia. Each region has a great deal of autonomy, making Belgium one of the most modern states in the world. The regions' powers and responsibilities include trade, the economy, employment, industry, agriculture and the environment. They each pursue a dynamic economic policy.

Regional performance makes Belgium one of the most attractive countries in Europe, offering an environment rich in opportunities, stable economic growth and a strong currency (Belgium was one of the first European countries to commit to the euro).

7.1.2. An Intelligent Tax system

While all commercial companies resident in Belgium are subject to corporate income tax, we can help you find the best fiscal mechanisms allowing you to get your project off the ground. There is an intelligent tax solution for your project.

The authorities are well aware of how important it is to enhance upfront legal certainty for potential and existing investors. Accordingly, Belgian tax legislation provides economic players with a generally applicable advance 'ruling' practice. This procedure is smooth, rapid and efficient. The ruling is issued within three months and the ruling decision is legally binding for up to five years. The ruling includes the various fiscal measures that can be used to lower the tax base or cost. The nominal tax rate is 33.99%.

For small and medium-sized enterprises (SMEs) with a taxable profit not exceeding 322,500 euro, the tax rate drops to 24.98% at the lower end of the tax scale. Legal mechanisms make it possible to lower the nominal rate.

These pro-business tax incentives make Belgium one of the most attractive places to set up a business.

One of the most popular measures is the notional interest deduction. Belgium is one of the only European countries to alleviate the differences in tax treatment between finance raised through venture capital and finance raised through borrowed capital. It allows companies to deduct a notional charge (not stated in the accounts) from their tax base that corresponds to a specific percentage of their 'adjusted' equity capital.

The domestic dividend withholding tax exemption is also likely to become very popular among investors. The domestic dividend withholding tax exemption extends the EU Parent-Subsidiary Directive between the 25 EU-countries and Switzerland to most countries worldwide that have a double tax treaty with Belgium, such as Hong Kong and the United States.

Using Belgium as their holding location for investments in Europe allows corporate investors from treaty countries to repatriate European profits without paying dividend withholding tax and without a limitation on profits.

The Belgian tax system has also created attractive conditions for employers, with lower wage costs for foreign executives and streamlined approach. For expatriate employees the employer's own expenses are reimbursed (additional costs arising from the position created in Belgium). Days worked abroad are not included.

R&D projects also benefit from tax incentives, such as environmentally friendly investments.

The most important tax incentives will be described in section 7.2.

7.1.3. Solution minded & multilingual workforce

"Always have a Belgian in your team"

This is a time-honoured saying among businessmen. In fact, as one of them once said: *"Some nationalities like to write report after report, others will try to eke out a longer lunch-break and others still have an opinion on everything... But you can always count on Belgians to work as long as it takes and be committed to finding a solution"*.

Belgians have earned themselves a well-deserved international reputation for being flexible, innovative, multilingual and solution-minded. Turning out such a high-quality workforce is no doubt linked to the education and training provided in Belgium; Belgian schools and universities are world class and rank highly at international level.

International reports, the International Labour Organisation and the OECD all rate Belgian workers as some of the most productive in the world ahead of their counterparts in France, the USA, the Netherlands and Germany.

Experts are unanimous in their view that Belgium has the highest concentration of brainpower in Europe.

Being multilingual is also a key asset for Belgian workers. Dutch, French, English and German are all spoken in Belgium. Over 140,000 Europeans of non-Belgian nationality live and work in Brussels alone and this in itself reinforces the country's multilingual workforce.

Finally, one key benefit for investors is Belgium's social security system, which guarantees peaceful industrial relations and makes calculating medium-term wage costs a smooth and uncomplicated process.

7.1.4. Belgium: living the good life

Belgium and the Belgian cities are rich in terms of history and culture. Cities like Brussels, Antwerp, Bruges, Ghent and Liège are renowned for their rich and varied architecture, mirroring centuries of history. They combine both historical and contemporary aspects in a unique way.

Belgian architect's schools have a proud achievement with works of Horta and Van de Velde reflecting the riches of an incomparable past. Those in pursuit of culture will find themselves spoilt for choice.

Belgium has a reasonably gentle climate with no harsh season. Temperatures average between 12° and 23° C (54° and 72° F) in summertime, and between 0° and 6° C (32° and 43° F) in winter.

One can find Belgium's many museums splendid shelters, with more than eighty to choose from in Brussels alone. Antwerp boasts the house created by the genius of Rubens, not to mention a wealth of his masterpieces. One can never tire of the works painted by Anthony van Dyck or Hans Memling. Pieter Breughel will draw you into the rhythm of his village dances.

The variety and force of contemporary art is not less impressive. James Ensor will bewitch you with his masked shimmering's and human masses, while the surrealist masters René Magritte and Paul Delvaux continue to weave their own strange magic.

The SMAK (Museum for Contemporary Art) in Ghent is renowned for both its permanent collection (Appel, Bacon, Panamarenko, etc.) and its provocative exhibitions.

The other forms of art are of course well represented through numerous theatres, ballet and opera companies and concert halls where events like the famous Queen Elizabeth competition are held.

Charleroi is also culturally rich with Charleroi dance and other initiatives. Ideally located in Southern Belgium and at the very heart of Northern Europe, Mons marks the centre point between Paris and Amsterdam. Nominated as 2015 European Capital of Culture, Mons, a town overflowing with cultural heritage, is planning on using new technology to ensure its future. Mons, the city where technology stands side by side with culture!

Your European facility in Belgium

Being the fatherland of Toots Thielemans, Django Reinhardt and Jacques Brel, Belgium truly is a musical hub.

Numerous clubs and bars offer concerts and jam sessions in various styles throughout the whole year while festivals take place during summer (Rock Werchter, Francolies de Spa...). Worth mentioning are famous cartoon characters like Tintin and the Smurfs.

As a dynamic country, Belgium offers a wide variety of sport and recreational facilities. There are a great number of excellent public golf courses, indoor and outdoor tennis courts, bowling alleys and innumerable swimming pools and basketball courts. All

parts of the country have sports halls and grounds. Soccer and cycling are particularly popular here. From squash to mountain bike, from skiing to windsurfing, from the forests of Ardennes to the shores of Flanders, Belgian sports run the course.

Gourmets claim that Belgium has more two and three stars restaurants per square kilometre than any other country. Belgians love to eat and they love to eat well. So it is not surprising that the country has an abundance of restaurants. Belgian cuisine features a number of delicacies, and experimentation is encouraged. Every town has developed its own traditions and culinary specialities in the course of the centuries. Belgium is famous for its wide variety of beers - more than 500 to choose from - and its delicious chocolates.

The country is also rich in foreign cuisine. Whether your preference ranges from French to Italian or Asian to American, it is all served beautifully in Belgium. Being in Belgium means savouring the fine things in life.

7.1.5. Other reasons to invest in Belgium

Set up a company in just 3 days

It is the intention of the Belgian authorities to make it possible to set up a company in just three days to complete all the formalities and to get your business up and running.

- Day 1 - the Bank: open a bank account and deposit the minimum start-up capital;
- Day 2 - the Notary: use e-deposit to draw up deed of incorporation and articles of association (you will be assigned a unique 'enterprise number', registered with the Central Database of Enterprises and registered with the clerk of the Commercial Court, and your documents will be published in the Belgian Official Gazette);
- Day 3 - the business one-stop shop: your enterprise number is activated.

Transport and logistics

Belgium has advanced infrastructure: air, road, rail, ports (Antwerp is one of the largest ports in the world and offers ultra-competitive handling costs), etc.

Rulings

With the *tax ruling* investors know within three months exactly how much tax they will have to pay in Belgium, allowing them to calculate their return on investment.

Research & Development

Collaborative ventures between businesses and universities are pursued in technological research, industrial research and other areas. Companies can also receive public financing for their own research projects.

Skilled workforce, lower labour costs

The public authorities are reducing labour costs through pro-business measures. On top of that, the Belgian workforce is highly skilled, multilingual and competitive.

Tax incentives for energy-saving investments

Rational use of energy, efforts to conserve water and natural resources, and so on.

Sites and real estate

It is not always easy to find the right place in a country to set up operations. Investors are directed towards specific sites and the type of real estate they are looking for.

European subsidies

The European Commission encourages joint ventures between SMEs and foreign partners by awarding subsidies through various programmes (JEV, ECIP, JOP).

7.2. Tax-Related Incentives for investors in Belgium

7.2.1. Expatriate tax incentives

In order to reduce the employment cost for foreign expatriates, thereby encouraging multinational companies to transfer their employees to Belgium, the Belgian tax authorities introduced a special tax regime for executives and specialists in 1983. Provided that both the employer and the employee meet the qualifying conditions for the special tax regime, certain beneficial tax rules will apply.

Given the fact that qualifying expatriates will be considered Belgian non-residents, they are only taxed on their Belgian source income. They will be exempt from taxation in Belgium on foreign passive sources of income such as dividends and real estate. Although expatriates are obliged to declare their worldwide earned group income in Belgium, they will not be taxed on the part of their remuneration corresponding to the number of days worked abroad (travel exclusion).

In addition, expatriates will not be taxed on significant allowances and reimbursed expenses paid to cover the cost of the assignment to Belgium (costs proper to the employer). Tax-free reimbursement of school fees and non-recurring costs such as moving and installation costs are unlimited. Reimbursement of recurring expenses such as cost of living allowance, cost of housing allowance, tax equalization and home leave is limited to 11,250 EUR or 29,750 EUR (depending on the nature of the assignment).

7.2.2. Research and development personnel tax incentives

Provided that they fulfil the requirements, companies employing researchers who work on research projects in partnership with a university or high school located in the European Economic Area, the National or Flemish Fund for Scientific Research or other recognized scientific institutions, are allowed to only pay to the Belgian authorities 80% of the amount of the professional withholding taxes of their scientific personnel, as a reduction of the total employment cost.

The same applies to scientific personnel working for so-called “Young Innovative Companies,” for which specific conditions need to be met.

The scope of the legislation providing for an exemption of payment of withholding taxes has broadened. The exemption of payment of withholding taxes is also applicable to companies that are not recognized as research centres or as a “Young Innovative Company”. The exemption is available for all personnel engaged part-time or full-time in Research and Development activities if they have obtained a Master’s degree that is on the list of qualifying Master’s degrees produced by the government. The exemption percentage has been set at 80%.

7.2.3. Overtime, night and shift work tax incentives

Employers can benefit from a partial exemption from the professional withholding tax on the first 130 hours of overtime. The exempt portion is equal to 32.19% or 41.25% (depending on the situation) of the gross salary on which the overtime compensation is calculated.

Employers are allowed to deduct 17,80% of the taxable remuneration of night and shift workers from the amount of professional withholding tax that they have withheld and should pay to the authorities.

7.2.4. Notional Interest Deduction

The notional interest deduction applies with effect from tax year 2007 (accounting years ending on December 31, 2006 or later). Under the notional interest deduction, a company will be able to make a deduction from its taxable profits depending on the portion of equity financing. The regime is applicable to all Belgian companies and to Belgian establishments of foreign companies, whatever their size may be.

The notional interest deduction can also be considered as an alternative to the special tax regime for coordination centres ending on December 31, 2010 (due to condemnation for “harmful tax regime” by the European Commission).

The notional interest deduction will be calculated by multiplying the total equity by the average interest rate for 10-year government bonds for the months of July, August and September (OLOs). The rate is 2,630% for tax year 2015. For small- and medium-sized companies (pursuant Art. 15 of the Company Law) the percentage is 3.130% for tax year 2015.

The law also includes measures to prevent abuse of the notional interest deduction. To prevent the same equity from generating deductions for different taxpayers, the following items are excluded from the base on which the deduction is calculated:

1. The net book value of the shares the company holds in its own share capital;
2. Shareholdings recorded as financial fixed assets;
3. Shares held in collective investment companies generating income eligible for the dividends received deduction;
4. The net book value of fixed assets to the extent that the costs of these assets unreasonably exceed the needs of the company;

5. The net book value of assets (e.g. art and jewels) that are not expected to generate regular income;
6. The pro rata net book value of real estate or other entitlements in real estate, privately used or occupied by directors (or their spouse or children) receiving income from the company holding the real estate rights;
7. Recorded but unrealized capital gains, provided they do not relate to assets referred to in points, 4 and 5 above.

When changes in the risk capital (except those coming from the result of the year) occur during the income year, they are taken into account on a prorated basis.

The deduction of the notional interest does not depend on any reinvestment conditions or any condition regarding additional employment.

However when the company has net assets in a permanent establishment or has real estate in a country with which Belgium has concluded a tax treaty, a correction of the notional interest deduction has to be done.

7.2.5. Investment deduction

Companies acquiring new tangible or intangible fixed assets used in Belgium for business purposes can (under certain circumstances) claim a deduction from their taxable profit amounting to a percentage of the acquisition or investment value of those investments.

The investment deduction does not affect the depreciation base. It is treated as a tax deduction in the tax return and (when the profit is insufficient) can be carried forward indefinitely but with certain limits as to the amount.

What investment deduction rates are available ?

Either a one-time or a spread investment deduction may be taken at the option of the taxpayer.

The onetime investment deduction regime is equal to a certain percentage of the cost price of the investment.

The rates are as follows:

- 3% for investments made in tangible fixed assets which are used solely for the production of recycled packaging (figures based on tax year 2015).
- 13.5% for energy-saving investments, patents or R&D investments leading to environmentally friendly products (figures based on tax year 2015).
- 20.5% for investments in the security of a company's premises (fire and theft) (figures based on tax year 2014).
- 30% for investments in sea-vessels (figures based on tax year 2015).

The spread investment deduction is spread over the depreciation term of the capital investment made.

An increased rate is applicable for investments for R&D investments leading to environmentally friendly new products. The following rates apply:

- A 20.5% spread investment deduction for R&D investments leading to environmentally friendly new products (figures based on tax year 2015).

If the taxable income is not sufficient to permit the deduction, the excess can be carried forward.

For investments in R&D, companies may opt for a tax credit instead of a deduction.

7.2.6. Tax credit for research and development

Companies investing in fixed assets that qualify for the increased investment deduction for patents or for research and development will have the option to apply for a tax credit instead of an investment deduction.

The choice for a tax credit will be irrevocable. The tax credit for research and development can be carried over to the four subsequent assessment years. The unused part of the tax credit carry over is fully refundable after five assessment years (including the investment year).

7.2.7. Tax deduction for patent income

The Belgian government has introduced a tax deduction for companies in relation to specific patent income. The deduction is designed to stimulate technical innovations by Belgian companies through R&D activities in relation to patents. In principle, it reduces the effective tax rate on patent income to a maximum of 6.8%.

The tax deduction will apply to all Belgian companies and Belgian branches of foreign companies, as well as to the following types of income:

- Income derived from the licensing of patents by a Belgian company or branch;
- Income derived from the use of patents in the production of patented products by a Belgian company or branch or on its behalf.

The above-mentioned patents should be developed in R&D centres in Belgium or abroad or involve patents obtained or licensed from third parties, provided the patented products or processes are further developed by R&D centres in Belgium or abroad.

The deduction in respect of licensed patents will be equal to 80% of the arm's length patent income received. For patents used in the production process, the Belgian company or branch will be able to deduct from its taxable profits an amount equal to 80% of the arm's length royalty the Belgian company or branch would have received had it licensed the patents to unrelated parties.

In the case of patents licensed or acquired from third parties, the basis on which the 80% exemption is applied must be reduced by:

- any license payments made to third parties and
- any amortization charges on those patents.

The patent deduction is applicable as from tax year 2008 to all new patent income (i.e. patent income that has not led to the sale of patented products or services by the Belgian company or branch, by a licensee or a related company to unrelated parties before January 1 2007).

7.2.8. Tax-free investment reserve

Within certain restrictions, companies qualifying as small and medium-sized enterprises can build up a tax-free investment reserve amounting to 50% of their taxable results allocated to the reserves, reduced by:

- The tax exempt capital gains on shares;
- 25% of capital gains realized on cars;
- The reduction of share capital compared to the share capital of the previous income year during which a tax-free investment reserve was built up or increased.

Furthermore, there are some other restrictions related to the tax exemption of the investment reserve (e.g. reinvestment requirement, a time limitation, a limit on the amount that may be exempted, etc.).

Small and medium-sized companies will have to make the choice between the current system of an investment reserve and the notional interest deduction. They will not be allowed to apply both incentives. Companies applying the investment reserve cannot benefit from the notional interest deduction in a two year period following the relevant financial year.

7.2.9. Tax losses carried forward

Prior and current year tax losses incurred by a Belgian company can be carried forward without any limits in time and amount in order to offset future taxable income. However, restrictions apply if there is a change in the control of the company, a merger, a contribution or a disallowed transfer pricing.

7.2.10. Depreciation

Depreciation can be applied to formation expenses and to intangible and tangible fixed assets with a limited economic lifetime. It must be taken every year, irrespective of the amount of corporate income, starting from the financial year in which the asset was acquired, produced or received as a contribution.

Depreciation is calculated on the basis of the acquisition value and the useful life of the asset. Two depreciation methods are applicable: a straight-line method (which is the most commonly used method) and a double declining-balance depreciation method, which is optional.

Under the straight-line depreciation method, the asset is depreciated over its useful economic lifetime based on a fixed percentage of the acquisition value.

The double declining balance method takes as a depreciation percentage the double of the straight-line depreciation percentage with a maximum of 40% of the acquisition value. Each subsequent year the depreciation is calculated on the value of the asset at the end of the previous financial year. Once the annual depreciation is lower than it would be under the straight-line depreciation method, the taxpayer can switch back to the straight-line method.

7.2.11. Ruling regime

All taxpayers may request from the tax authorities an “advance ruling,” by which the Ruling Commission determines how the tax shall be applied to a particular situation or operation that has not yet taken any effect from a taxation point of view.

The Ruling Commission must acknowledge the receipt of a request for an advance ruling within five working days. In principle, a first meeting must be organized within 15 working days of the receipt of the request for an advance ruling. The law states that the decision regarding the advance ruling should be communicated to the taxpayer within three months of the date of the filing of the ruling request. However, the Ruling Commission and the taxpayer may mutually agree to modify this period. The three-month period is indicative in the sense that no sanctions are provided for if the Ruling Commission does not meet this deadline.

The Ruling Commission must notify the taxpayer regarding its decision in respect of the advance ruling. If the Ruling Commission cannot give a positive ruling, the taxpayer is often invited to withdraw the request to avoid a negative ruling being given.

The Tax Administration is bound by the decision given regarding an advance ruling. However, a taxpayer is not bound by the ruling and does not have to carry out the envisaged transaction or action. In principle, the rulings are valid for a period of five years, but can be renewed. If required, the period of the validity of the ruling may be longer (e.g. a ruling with respect to depreciation of a building).

7.2.12. Capital tax

No capital tax is levied on contributions to a company's share capital (upon incorporation and subsequently). The capital tax was abolished because it would have been illogical to introduce measures to stimulate the self-financing of companies by creating a notional interest deduction but continuing to tax the contribution of capital into a company.

7.2.13. Withholding tax exemptions

Obviously, Belgium has implemented the EU Parent-Subsidiary Directive and the Interest and Royalties Directive, resulting in an exemption of withholding tax on dividends paid to EU companies, provided some conditions are met and an exemption of withholding tax on interest and royalties paid to related EU companies. Belgium also has an extensive tax treaty network that could substantially reduce the withholding tax on payments to non-EU companies.

In addition to the above, Belgian internal tax legislation provides for some specific exemptions, such as an exemption of withholding tax on interest paid to banks located in the EU or in tax treaty countries and an exemption of withholding tax on interest paid by intra-group finance companies located in Belgium.

For more detailed information we refer to section 4.5.

7.2.14. Capital gains

Capital gains on shares are exempted from income tax if the subsidiary is not subjected in his country to a "significantly more favourable" taxation.

Taxation is considered "significantly more favourable" if the nominal or effective tax rate is lower than 15%. For EU companies the tax regime is not deemed to be "significantly more favourable" than in Belgium.

As of tax year 2013 an extra condition was implemented in Belgian tax law in order for capital gains to be tax exempt: a holding period of the shares of 1 year. Should this holding period not have been met, the capital gains are taxed at a rate of 25,75%.

Non exempted capital gains are taxed as a normal income.

Losses on shares are not tax deductible, unless and to the extent of the losses of paid capital if they are the consequence of the liquidation of the company.

Please note however that since tax year 2014, capital gains which are normally exempted will be submitted to a contribution of 0,4% for large entities.

Capital gains on other assets are fully taxable. In case of reinvestment within a period of 3 or 5 years (depending on the nature of the assets), taxation can be spread over the period in which the new investments are depreciated.

7.2.15. Dividend received deduction

In order to avoid double economical taxation, 95% of the dividends received from other companies can be deducted from the taxable income if they come from a company in which the receiver owns a participation:

- of at least 10% or 2,500,000 euro
- maintained during minimum one year;

The "participation condition" is not applicable to dividends received from investment companies.

Bank and insurance companies need only to satisfy the one-year holding condition.

The exemption of 95% of the dividend income is also conditioned to "taxation condition" (see capital gains).

7.2.16. Tax shelter

A tax incentive has been created in order to support investments in Belgian audio-visual productions. The Belgian company or the Belgian branch of a foreign company who invests in a Belgian audio-visual production is granted an exemption of 150% of the investment. The exemption is however limited to 50% of taxable profit of the year and to a nominal amount of 750,000 euro.

A part of the investment can be realized by way of a loan (maximum = 40%) to the production company and by taking rights in the production works.

The exemption becomes final when the production work is finished and the public competent authority has certified that the conditions for exemption were met.

7.2.17. Tax treaty network

Belgium has a wide treaty network covering more than 90 states, including the major economies as well as most emerging economies (Argentina, Australia, Brazil, Canada, the P.R. of China, Egypt, India, Indonesia, Israel, the Republic of Korea, Kuwait, Malaysia, Mexico, Pakistan, Russia, Singapore, South Africa, Thailand, Turkey, Ukraine, the United States, Venezuela, and Vietnam).

Belgium prides itself on having the first ever comprehensive double tax treaty with Hong Kong that allows Belgian to profile itself as a gateway for the repatriation of profits from the Far East. The treaty provides an exemption of withholding tax on dividends if the beneficial owner is a company resident in the other state holding a participation of 25% for at least 12 months. Dividends from a Hong Kong subsidiary are not liable to any withholding in Hong Kong and qualify for the dividend exemption in a Belgian holding company. Alternatively, a Belgian company that has a permanent establishment can repatriate its profits tax free, even if the majority of the profit consists of offshore income (including royalties and interest) that is tax exempt in Hong Kong.

Belgium has also signed a new double tax treaty with the US. US source dividends are exempted from US withholding tax provided the beneficial owner is a Belgian resident company, owning directly or indirectly at least 80 percent of the voting power in the company paying the dividends for a 12-month period prior to the dividend attribution and satisfies an extensive limitation on benefits test. Belgian source dividends will be exempt from Belgian withholding tax provided the beneficial owner is a US resident company, owning directly at least 10 percent of the capital, and has been holding the participation for a 12-month period prior to the dividend attribution

8. Annex 1

Tax treaties Belgium

General overview of the withholding tax rates based upon the DTT

Country	Date treaty	Dividends	Interest (*)	Royalties
ALBANIA	11/14/2002	5-15%	5%	5%
ALGERIA	12/15/1991	15%	15%	5-15%
ARGENTINA	6/12/1996	10-15%	12%	3-5-10-15%
ARMENIA	6/7/2001	5-15%	10%	8%
AUSTRALIA	10/13/1977	15%	10%	10%
AUSTRIA	12/29/1971	15%	15%	0-10%
AZERBAIJAN	5/18/2004	5-10-15%	10%	5-10%
BANGLADESH	10/18/1990	15%	15%	10%
BELARUS	3/7/1995	5-15%	10%	5%
BOSNIA-HERZ.	11/21/1980	10-15%	15%	10%
BRAZIL	6/23/1972	10-15%	10-15%	10-15-20%
BULGARIA	10/25/1988	10%	10%	5%
CANADA	5/23/2002	5-15%	10%	0-10%
CHILI	12/6/2007	0-15%	5-15%	5-10%
CHINA (P.R.)	4/18/1985	10%	10%	10%
CONGO	5/23/2007	5-10-15%	10%	10%
CROATIA	10/31/2001	5-15%	10%	0%
CYPRUS	5/14/1996	10-15%	10%	0%
CZECH REPUBLIC	12/16/1996	5-15%	10%	5-10%
DENMARK	10/16/1969	0-15%	10%	0%
ECUADOR	12/18/1996	15%	10%	10%
EGYPT	1/3/1991	15-20%	15%	15-25%

EMIRATES (UA)	9/30/1996	5-10%	5%	0-5%
ESTONIA	11/5/1999	5-15%	10%	5-10%
FINLAND	5/18/1976	5-15%	10%	0-5%
FRANCE	3/10/1964	10-15%	15%	0%
GABON	1/14/1993	15%	15%	10%
GEORGIA	12/14/2000	5-15%	10%	5-10%
GERMANY	4/11/1967	15%	0-15%	0%
GHANA	6/22/2005	5-15%	10%	10%
GREECE	5/25/2004	5-15%	5-10%	5%
HONG KONG	12/10/2003	0-5-15%	10%	5%
HUNGARY	7/19/1982	10%	15%	0%
ICELAND	5/23/2000	5-15%	10%	0%
INDIA	4/26/1993	15%	10-15%	10%
INDONESIA	9/16/1997	10-15%	10%	10%
IRELAND	6/24/1970	15%	15%	0%
ISRAEL	7/13/1972	15%	15%	0-10%
ITALY	4/29/1983	15%	15%	5%
IVORY COAST	11/25/1977	15-18%	16%	10%
JAPAN	3/28/1968	5-15%	10%	10%
KAZAKHSTAN	4/16/1998	5-15%	10%	10%
KYRGYZSTAN	12/17/1987	15%	15%	0%
KUWAIT	3/10/1990	10%	0%	10%
LATVIA	4/21/1999	5-15%	10%	5-10%
LITHUANIA	11/26/1998	5-15%	10%	5-10%
LUXEMBURG	9/17/1970	10-15%	15%	0%
MACEDONIA	11/21/1980	10-15%	15%	10%
MALAYSIA	10/24/1973	15%	10%	0-10%

MALTA	6/28/1974	15%	10%	0-10%
MAURITIUS	7/4/1995	5-10%	10%	0%
MEXICO	11/24/1992	5-15%	15%	10%
MOLDAVIA	12/17/1987	15%	15%	0%
MONGOLIA	9/26/1995	5-15%	10%	5%
MONTENEGRO	11/21/1980	10-15%	15%	10%
MOROCCO	5/31/2006	6,5-10%	10%	10%
NETHERLANDS	6/5/2001	5-15%	10%	0%
NEW-ZEALAND	9/15/1981	15%	10%	10%
NIGERIA	11/20/1989	12,5-15%	12,5%	12,5%
NORWAY	4/14/1988	5-15%	15%	0%
PAKISTAN	3/17/1980	15%	15%	0-15-20%
PHILIPPINES	10/2/1976	10-15%	10%	15%
POLAND	8/20/2001	5-15%	5%	5%
PORTUGAL	7/16/1969	15%	15%	10%
ROMANIA	3/4/1996	5-15%	10%	5%
RUSSIAN FEDERATION	6/16/1995	10%	10%	0%
RWANDA	4/16/2007	0-15%	10%	10%
SAN MARINO	12/21/2005	0-5-15%	10%	5%
SENEGAL	9/29/1987	15%	15%	10%
SERBIA	11/21/1980	10-15%	15%	10%
SINGAPORE	11/6/2006	0-5-15%	5%	5%
SLOVAKIA	1/15/1997	5-15%	10%	5%
SLOVENIA	6/22/1998	5-15%	10%	5%
SOUTH AFRICA	2/1/1995	5-15%	10%	0%
SOUTH KOREA	8/29/1977	15%	10%	10%
SPAIN	6/14/1995	0-15%	10%	5%

SRI LANKA	2/3/1983	15%	10%	10%
SWEDEN	2/5/1991	5-15%	10%	0%
SWITZERLAND	8/28/1978	10-15%	10%	0%
TADJIKISTAN	12/17/1987	15%	15%	0%
TAIWAN	10/13/2004	10%	10%	10%
THAILAND	10/16/1978	15-20%	25%	5-15%
TUNISIA	10/7/2004	5-15%	10%	11%
TURKMENISTAN	12/17/1987	15%	15%	0%
TURKEY	6/2/1987	15-20%	15%	10%
UKRAINE	5/20/1996	5-15%	10%	0-10%
UNITED KINGDOM	6/1/1987	5-10%	10%	0%
USA	11/27/2006	0-5-15%	0-15%	0%
UZBEKISTAN	11/14/1996	5-15%	10%	5%
VENEZUELA	4/22/1993	5-15%	10%	5%
VIETNAM	2/28/1996	5-10-15%	10%	5-10-15%

(*) Several exemptions exist for payments to governmental bodies, banks, etc. These exemptions are not included in the table.

General overview of the withholding tax rates based upon the European Directives

No withholding tax on dividends paid by a Belgian subsidiary to a parent company in the sense of the EU directive "Parent-Subsidiary" (min. participation of 10% and a minimum period of 1 year)

No withholding tax on interest paid by a Belgian company to another EU company if the companies are associated companies in the sense of the EU directive "Interest-Royalties" (min. direct or indirect participation of 25% and a minimum period of 1 year).



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