



# Doing business in Belgium

## A tax perspective

Fiscal Department for Foreign Investments

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# ← Tax Incentives - Direction →

Inbound	Tax system and incentives are adapted to the business needs of the investors willing to expand in Belgium
Outbound	Allows a tax friendly repatriating of profits (no withholding tax)

# Tax Incentives – Economic activities

Finance	Holding regime Pan-European Pension Funds
Research Development Innovation	Innovation Income deduction R&D Tax Credit Partial exemption Withholding Tax
Logistics	European Distribution Centre Customs – VAT



## Holding regime

### Tax benefits

- Participation exemption  
95% deduction on dividends received  
(min threshold, min holding period)
- 100% deductibility of interest paid to acquire shares
- 0% capital duty on capital contribution





## Holding regime

## Tax benefits

- Dividend Withholding Tax exemption  
100% exemption

### Conditions:

- be resident in a country with which Belgium has concluded a double tax treaty;
- the beneficiary holds a participation of at least 10% in a Belgian subsidiary, for an uninterrupted period of at least 12 months





## Pan-European Pension Funds

### Corporate Income tax

- Zero taxation on profits
- Taxable basis :
  - Abnormal or benevolent advantages received
  - Non-deductible expenses
  - Secret commissions paid

### Investments zero-taxation

- Capitals gains generated by the OFP
- Received dividend income
- Received interest income

### International taxation

- Subject to corporate tax > able to claim tax treaty benefits  
> higher net dividend income



## Pan- European Pension Funds

VAT

- VAT exemption applicable to the management
  - Financial management
    - Asset management
    - Administrative management
    - Establishment of the annual report
    - Reporting to authorities

Indirect taxes

Not subject to the tax on collective investment undertakings for the OFP's direct investments



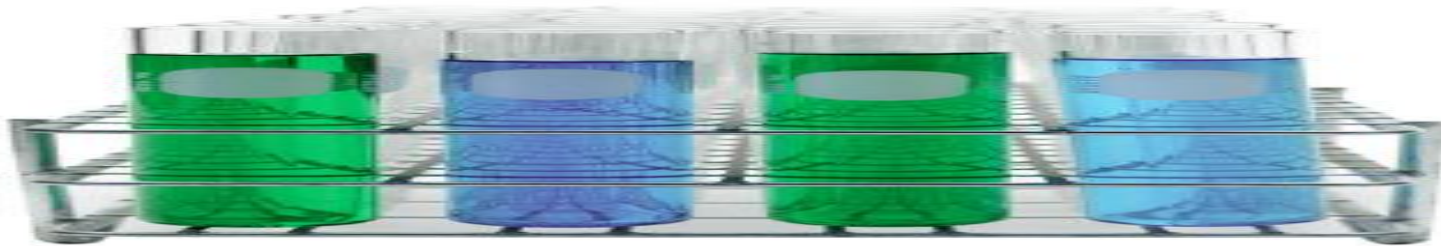
## Innovation Income Deduction

**What**

95% deduction from net income  
from patents, licenses and copyrighted software

**Which**

For patents self-developed or acquired (by acquisition or  
license) by a Belgian company or branch







## R&D Tax Credit

### What

- 13,5% (of the investment value)
- Assets which aim to promote R&D of new products and advanced technologies environment-friendly

### Advantage

- Investment of 100.000 €  
Tax credit =  $100.000 \times 13,5\% \times 33,99\% = 4.588 \text{ €}$
- In case of insufficient profits, the part not used after 5 years is refunded



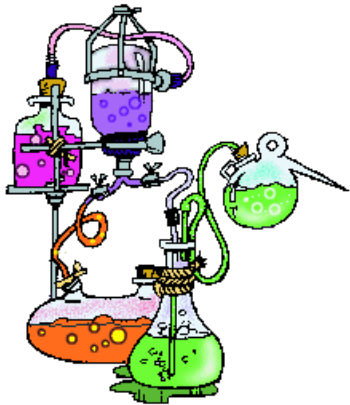
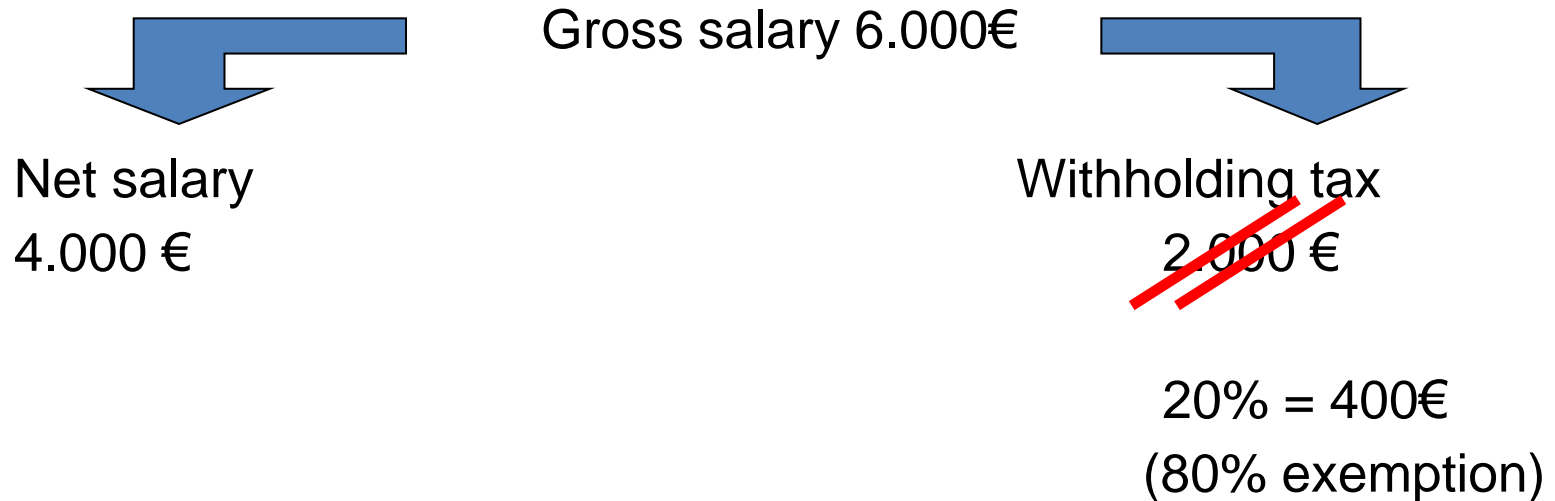
## Partial exemption Withholding Tax researchers

<b>Principle</b>	The withholding tax is normally retained on the remuneration paid to the researchers, but the employers are exempted from paying a part to the Belgian Treasury (more financial resources for the research activities)
<b>Researchers</b>	Master degree or equivalent, engaged in a R&D program
<b>Consequence</b>	Exemption of 80% of the withholding tax



## Partial exemption Withholding Tax researchers

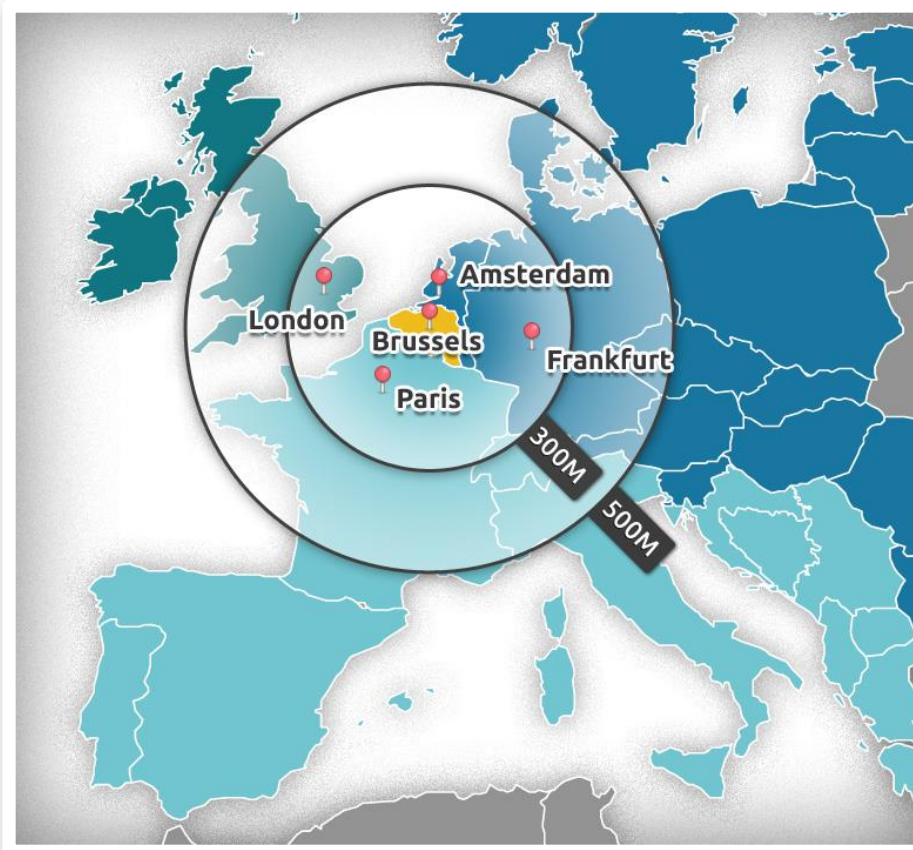
### Example



~~Cost for the company = 6.000€~~

Cost for the company = 4.400€

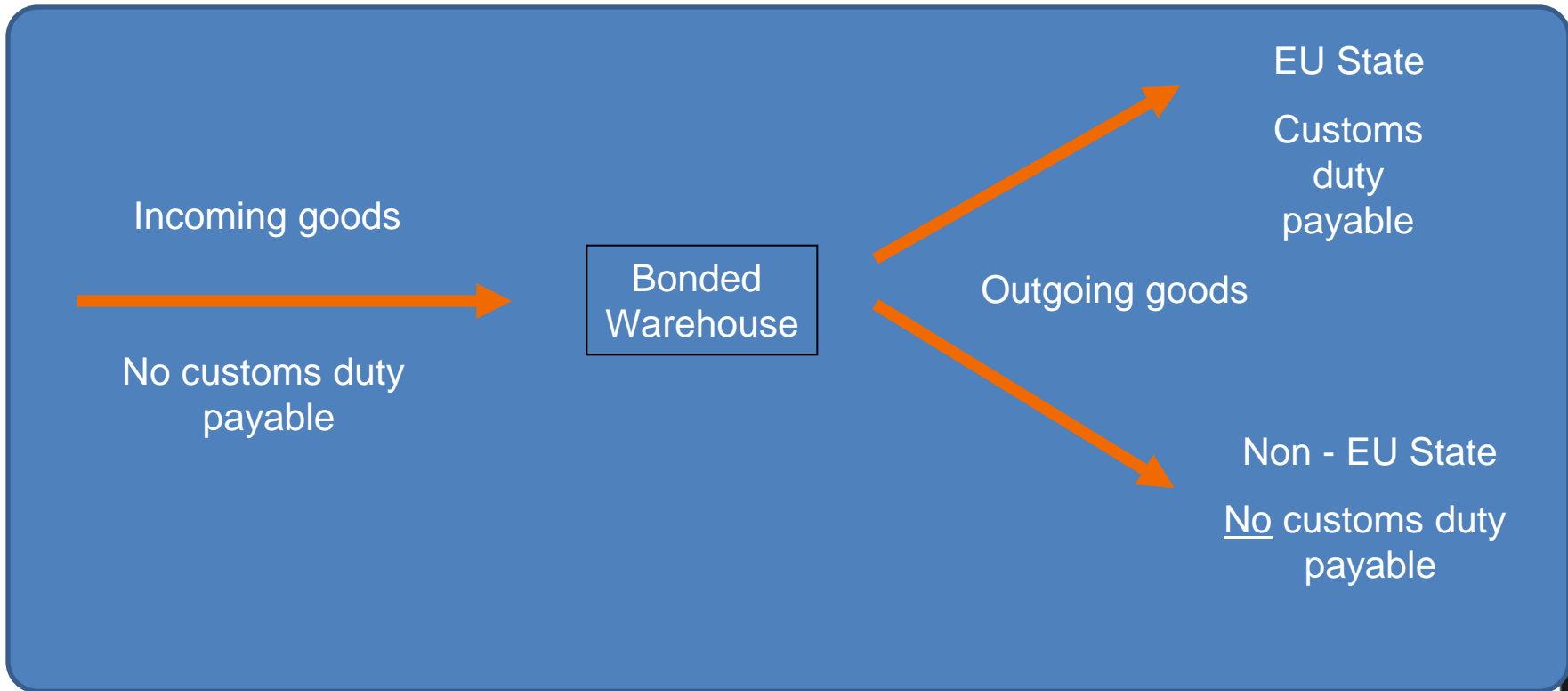
## European Union is a Customs Union



- No customs duties on trade between EU Member States
- No internal trade barriers
- Common external tariff and harmonized trade measures



## Tax perspective Customs - Depiction



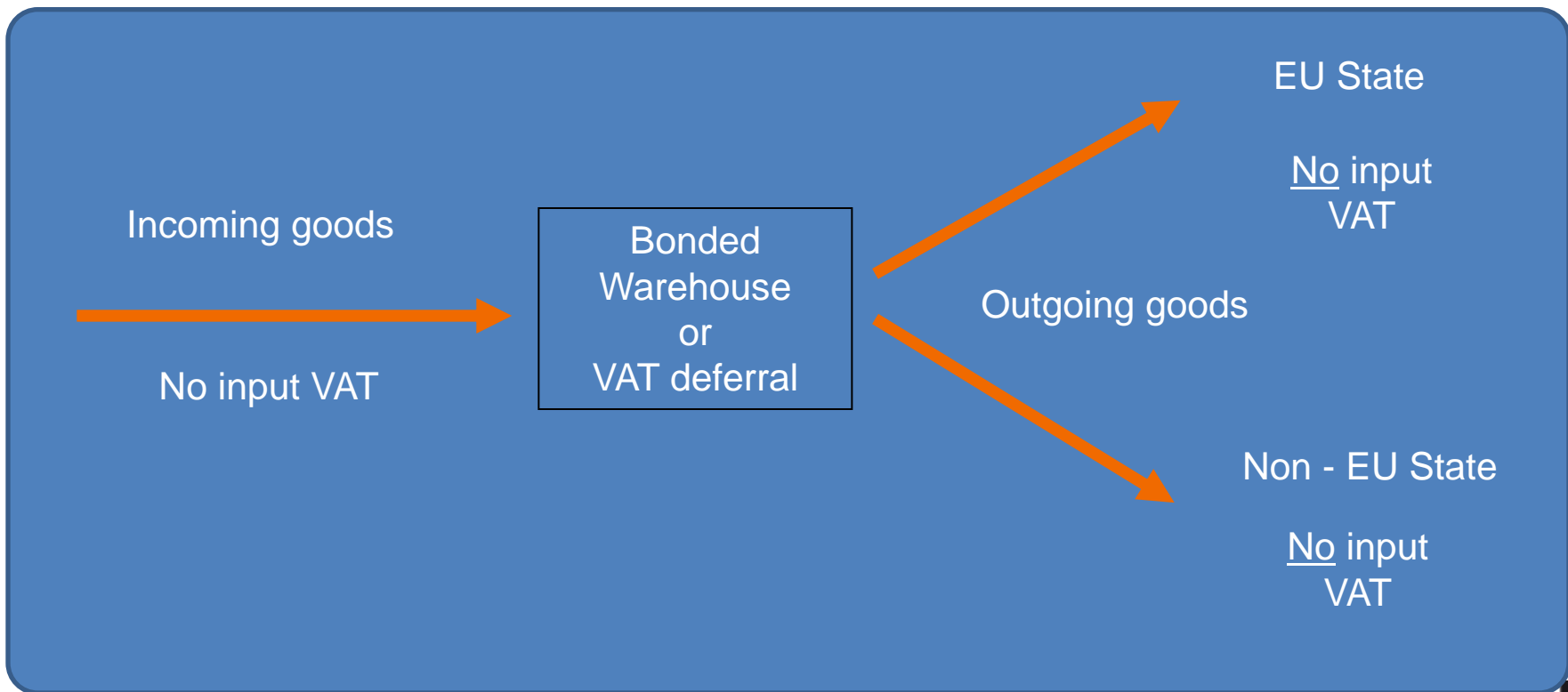
## European Union is a VAT Union

- VAT is due on
  - Supply of goods and services
  - Importation of goods
- VAT is not a cost for the operators (deductible)
- Cost-saving opportunity: VAT deferral (Belgium)
  - Possibility to postpone the payment of import VAT to the next periodical VAT return
  - Avoid pre-financing VAT (cash flow advantage)
  - By simple request (ET 14000 license)





## Tax perspective VAT- Depiction



# Tax incentives - Employment

Management	Expatriate status
Workers	Team work – Night shift
For all	Lower social contributions (Tax Shift)





# Tax Incentives - Employment

## New 2016 : TAX SHIFT

### Goal :

- Strengthen the consumers spending power
- Enhance competitiveness, investments and export





# Tax Incentives - Employment

## New 2016 : TAX SHIFT

### Achievement :

- For the 1<sup>st</sup> recruitment : total exemption of the social contributions of the employer (recruitment between 1.01.2016 and 31.12.2020)
- From 2<sup>nd</sup> to 6<sup>th</sup> recruitment : partial exemption
- For all workforce : general reduction  
social contributions should decrease from 33% (before 2016)  
to 25% (in 2018)

# Thank you for your attention

## More information ?

## Contact

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