Belgium Country Profile

EU Tax Centre

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Key tax factors for efficient cross-border business and investment involving Belgium

EU Member State Yes

Double Tax Treaties With:

Albania	Estonia	Luxembourg	Senegal
Algeria	Finland	Macau	Serbia
Argentina	France	Macedonia	Seychelles
Armenia	Gabon	Malaysia	Singapore
Australia	Georgia	Malta	Slovakia
Austria	Germany	Mauritius	Slovenia
Azerbaijan	Ghana	Mexico	South Africa
Bahrain	Greece	Moldova	Spain
Bangladesh	Hong Kong	Mongolia	Sri Lanka
Belarus	Hungary	Montenegro	Sweden
Bosnia & Herzegovina	Iceland	Morocco	Switzerland
Brazil	India	Netherlands	Taiwan
Bahrain	Indonesia	New Zealand	Tajikistan
Bulgaria	Rep. of Ireland	Nigeria	Thailand
Canada	Isle of Man	Norway	Tunisia
Chile	Israel	Oman	Turkey
China	Italy	Pakistan	Turkmenistan
Congo	Ivory Coast	Philippines	UAE
Croatia	Japan	Poland	Uganda
Cyprus	Kazakhstan	Portugal	UK
Czech Rep.	Rep. of Korea	Qatar	Ukraine
Denmark	Kuwait	Romania	US
Ecuador	Kyrgyzstan	Russia	Uzbekistan
Egypt	Latvia	Rwanda	Venezuela
	Lithuania	San Marino	Vietnam

Forms of doing business Corporation (SA/NV)
limited liability company (SPRL/BVBA).

Legal entity capital requirements

Yes

Residence and tax system

A company is resident if its registered office, main establishment, or place of management is located in Belgium. Resident companies are taxed on their worldwide income.

Compliance requirements for CIT purposes

Filing of annual corporate income tax return no later than 6 months after the termination of the company's financial year (on paper or e-return).

Tax rate

The standard corporate income tax rate is 33.99 percent.

Withholding tax rates

On dividends paid to non-resident companies

Generally 25 percent. As of January 1, 2007, dividends paid to companies established in tax treaty countries are exempt from withholding tax, if:

- Conditions similar to the conditions of the EU Parent-Subsidiary Directive are met; and
- The relevant treaty includes an exchange of information clause.

On interest paid to non-resident companies

Generally 25 percent (exemptions may apply). Double tax treaties and EU Directives may reduce or exempt the withholding tax.

On patent royalties and certain copyright royalties paid to non-resident companies

Generally 25 percent (exemptions may apply). Double tax treaties and EU Directives may reduce or exempt the withholding tax.

On fees for technical services

33% on 50% of gross amount if (1) Belgium has power to tax (according to tax treaty) or (2) fee is not taxed in country of residence (if there is no tax treaty).

On other payments

No

Branch withholding taxes

No

Holding rules

Dividend received from resident/non-resident subsidiaries

Exemption method (dividends received deduction (“DRD”) of 95 percent):

- Participation requirement: 10 percent of the share capital or EUR 2,500,000 of acquisition value;
- Minimum holding period: one year;
- Taxation requirement: (i) subject to tax and (ii) nominal and effective rate under

domestic common law rules not less than 15 percent (does not apply to dividends from EU subsidiaries). Other specific exclusions apply;

- Excess carry-forward: As of January 1, 2010, excess DRDs – which could not previously be used – can be carried forward to the following assessment years (for an unlimited period). The new provision only applies to dividends from subsidiaries established in an EU Member State (as of January 1, 2010) and to dividends from subsidiaries established in an EEA Member State (as of January 1, 2011). Nevertheless, the Belgian tax administration accepts, in some cases, the carry-forward of excess DRDs for dividends from subsidiaries established in third countries.

Capital gains obtained from resident/non-resident subsidiaries

Separate taxation of 0.412 percent on the capital gains realized on shares of which the dividends fulfill the taxation conditions for the 'dividends received deduction' and that the company holds for an uninterrupted period of at least 1 year. If holding period condition is not fulfilled, capital gain is taxable at separate rate of 25.75 percent.

Tax losses

Losses may be carried forward indefinitely. Carry-back is not permitted.

Tax consolidation rules/Group relief rules

No

Registration duties

Belgium’s capital duty rate is 0 percent. Only a fixed registration duty of EUR 50 is due.

Transfer duties

On the transfer of shares

No

On the transfer of land and buildings

10 or 12.5 percent (depending on the region where the immovable property is located)

Stamp duties

No

Real estate taxes

Annual tax on deemed rental income

Controlled Foreign Company rules

No

Transfer pricing rules

General transfer pricing rules

Arm's length principle

	Documentation requirement? Supporting documentation is required.
Thin capitalization rules	Yes (5:1 debt-to-equity ratio for interest paid to tax-privileged recipients or to group companies (applicable as from July 1, 2012) and 1:1 ratio for interest paid to directors (individuals) or to shareholders (individuals).
General Anti-Avoidance rules (GAAR)	General anti-abuse rule: a legal act or a series of legal acts establishing one single transaction cannot be appealed to the tax authorities, if the latter demonstrates by presumptions or any other evidence that there is fiscal abuse. It is up to the taxpayer to prove that the legal qualification chosen is justified by reasons other than tax avoidance. If the taxpayer is unsuccessful in proving its case, the tax authorities will be allowed to determine the taxable base and tax computation as if no fiscal abuse had taken place.
Specific Anti-Avoidance rules/Anti Treaty Shopping Provisions	Interest, royalties, and service fees paid to tax havens are not deductible except if the taxpayer proves that the expenses are connected to transactions actually carried out and do not exceed normal limits. As of January 1, 2010, payments to tax havens (less than 10 percent nominal tax rate – or OECD standard for exchange of information is not effectively and substantially applied) must be reported in a special tax form.
Advance Ruling system	Yes, binding ruling generally issued for a period of 5 years.
IP / R&D incentives	Deduction for patent income is available. The taxable profits of a Belgium resident company or a Belgian permanent establishment of a foreign company are reduced by 80 percent of the net patent income, being income derived from patents that are licensed by the company or that the company exploits. As a result, the tax burden on the net patent income is reduced to 6.8 percent instead of the statutory rate of 33.99 percent. However, only 'new' patent income qualifies for the incentive, i.e. income in relation to patents that have not been used by the company, a licensee, or a related enterprise for the purpose of the supply of goods or services to third parties prior to January 1, 2007.
Other incentives	Notional interest deduction: both resident companies and Belgian branches of non-resident companies can deduct a notional (or deemed) interest on their equity (share capital, reserves and retained earnings) as adjusted. For most companies, the NID results in a substantial reduction of the effective tax rate.
VAT	The standard rate is 21 percent; reduced rates are 0, 6 and 12 percent.
Other relevant points of attention	No

Source: Belgian tax law and local tax administration guidelines, updated 2015.

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