

# GMS Flash Alert

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## Belgium - New Tax on Resident and Nonresident Individuals' Securities Accounts

On 1 February 2018, the Belgian Parliament passed legislation introducing an annual (wealth) tax at a rate of 0.15 percent on the value of certain securities accounts of individuals (both Belgian tax residents and nonresidents).<sup>1</sup> The law will enter into force on the first day after its publication in the Belgian official gazette (expected in the coming days) and would be effective by reference to a taxable period ending 30 September 2018.

### WHY THIS MATTERS

Not only Belgian tax residents fall within the scope of the new tax, but also nonresidents. Consequently, besides "ordinary" nonresidents, also persons who benefit from the beneficial tax regime for foreign expats, diplomats, etc., are potentially subject to the new annual tax on securities accounts. It appears legislators wish to introduce into Belgian legislation the equal treatment of residents and nonresidents in this area of taxation.

### Equal but Distinct

While the intention of the legislators was to level the playing field between residents and nonresidents, there is, however, an important distinction:

- For Belgian residents, the tax on securities accounts applies both to Belgian and foreign securities accounts.
- For nonresidents, including taxpayers benefiting from the expatriate tax concessions, only securities accounts held with a Belgian financial intermediary (e.g., a Belgian bank) are subject to tax (to the extent that the applicable double taxation treaty does not prevent Belgium from imposing a wealth tax on their Belgian securities accounts).

## Other Details: Anti-Avoidance Clause, Tax Base, Levying, Withholding, Declaring, and Paying the Tax

The legislation includes an anti-avoidance clause to address, amongst other things, situations when individuals hold a securities account through a company in order to attempt to avoid the new tax.

The tax will apply to the total average value of securities accounts if their value is €500,000 or more, per account-holder. The tax will also apply with respect to account-holders having securities accounts with different financial institutions that collectively have a value of €500,000 or more, even though the value of each separate securities account with a specific financial institution would be less than €500,000. In such situations, the tax would be imposed on the value of all securities accounts of the individual taxpayer, except for nonresidents for which only Belgian securities accounts need to be taken into account.

For the computation of the €500,000 threshold and the taxable base, almost any security in a securities account will be considered as a taxable instrument, except derivatives (e.g., options, futures etc.), certain structured products (unless they qualify as bonds), and nominative shares (shares that are not held in a securities account). Also securities accounts held within the framework of pension savings/life insurance contracts are out of scope and do not need to be taken into account.

In principle (similarly to the Belgian stock exchange tax), it will be Belgian banks and brokerages that are liable to pay and declare the tax due, if the average value of taxable securities on the securities accounts held with them is at least €500,000. Upon request of the account-holder, Belgian banks may also levy the tax on accounts having a value of less than €500,000 (e.g., in case, in total, the individual would reach the threshold of €500,000). In case the tax is not withheld by the financial intermediary, the individual would be required to declare and pay the tax himself/herself by means of a special declaration via an electronic platform.

### FOOTNOTE:

1 For the text and status of *Le projet de loi instaurant une taxes sur les comptes-titres*, click [here](#).

\* \* \* \*

## CEO Pay Ratio Webcast - February 6 (2:00 PM - 3:00 PM EST (GMT -5))

The GMS Global Reward Services (GRS) team is hosting a webcast on February 6 on the CEO pay ratio. With many companies having to disclose the CEO pay ratio as part of their annual prospectus, there has been much discussion on this topic as well as consideration of various approaches as companies finalize numbers for disclosure.

The webcast will cover the following topics:

- \* Common concerns about the new disclosure requirement
- \* External vs. internal communication strategies
- \* Corporate taxes that are being assessed by U.S. states on the CEO pay ratio.

For more information and to register, [click here](#).

## Contact us

For additional information or assistance, please contact your local GMS or People Services professional or the following professional with the KPMG International member firm in Belgium:



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**The information contained in this newsletter was submitted by the KPMG International member firm in Belgium.**

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