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

Most important forms of doing business	Corporation (SA/NV) or limited liability company (SPRL/BVBA).
Legal entity capital requirements	Yes. - Corporation (SA/NV): EUR 61,500 (fully paid in capital). - Limited liability company (SPRL/BVBA): EUR 18,550, of which at least EUR 6,200 must be paid in capital.
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 (electronically).
Corporate income tax rate	The standard corporate income tax rate of 33.99 percent was lowered to 29.58 percent as from 2018. It will be further reduced to 25 percent as from 2020.
Withholding tax rates	On dividends paid to non-resident companies Generally 30 percent (exemptions may apply). 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. Since January 1, 2018, no withholding tax applies to dividends paid to foreign companies (implementation of CJEU *Tate & Lyle* case): - established in an EEA Member State or in a tax treaty country, - having a participation of less than 10 percent but more than EUR 2,500,000, - held in full ownership for at least one year, - to the extent that the withholding tax cannot be credited or refunded in the hands of the receiving company. On interest paid to non-resident companies Generally 30 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 30 percent (exemptions may apply). Double tax treaties and EU Directives may reduce or exempt the withholding tax.

On fees for technical services

33 percent on 50 percent 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 100 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

No taxation 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. A participation requirement (10% or EUR 2,500,000) applies as well.

Tax losses

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

Tax consolidation rules/Group relief rules

Yes, as from FY 2019.

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 In principle, 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	Yes, as from FY 2019.
Transfer pricing rules	General transfer pricing rules Arm's length principle. Documentation requirement? Supporting documentation is required. Formal TP documentation requirements (Master and Local file) and Country-by-Country Reporting have been introduced.
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). Belgium will introduce a new limitation on deductible interest at the highest of EUR 3 million or 30% of EBITDA. The rules will enter into force from assessment year 2021 related to a taxable period that starts on January 1, 2020 at the earliest. The new limitation only applies to interest on loans concluded as of June 17, 2016. The existing thin capitalization rule (5:1) remains applicable for interest on “old” intra-group loans and for interest paid to tax havens. Interest and EBITDA will be calculated on an ad hoc consolidated basis. Non-deductible interest can be carried forward to the following years without limit. It can also be transferred to other group companies. The rule is not applicable to stand-alone entities and financial undertakings.

General Anti-Avoidance rules (GAAR)	General anti-abuse rule: If the tax authorities have a presumption or any other evidence that there is fiscal abuse in a transaction, the transaction is re-qualified/ denied. 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/Anti-Hybrid rules	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 (nominal tax rate less than 10 percent/ no corporate tax on domestic or foreign income / effective corporate tax rate on foreign income less than 15% – or OECD standard for exchange of information is not effectively and substantially applied) must be reported in a special tax form. Anti-hybrid and anti-abuse rules in EU Parent-Subsidiary Directive have been transposed into Belgian legislation. Adoption of anti-hybrid mismatches rules as from FY 2019 (implementation of ATAD).
Advance Ruling system	Yes, binding ruling generally issued for a period of 5 years.
IP / R&D incentives	Patent income deduction (80% of gross patent income) was cancelled as of July 1, 2016 (with 5 years grandfathering period - June 30, 2021) as it was not in line with OECD modified nexus approach. New Innovation income deduction available as of July 1, 2016. The net income from qualifying intellectual property can be deducted at 85%. This deduction applies to income from patents or supplementary protection certificates, breeders' rights, orphan drugs, data and market exclusivity and copyrighted software. Capital gains on such IP also qualify if reinvested. The net income is determined based on the 'modified nexus approach', according to which there should be sufficient substance and an essential link between the expenses, the IP and the related IP income. This is expressed in the following formula: **[qualifying R&D costs/total R&D costs] x total income from intellectual property = qualifying income from intellectual property** Qualifying expenditure includes the cost of outsourcing to unrelated parties, whereas the cost of outsourcing to related parties is excluded. An up-lift of 30% of qualifying costs is provided. The unused deduction can be carried forward.

Other incentives	Notional interest deduction: both resident companies and Belgian branches of non-resident companies can deduct a notional (or deemed) interest on their incremental equity (capital increase and retained earnings) as adjusted.
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 2018

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