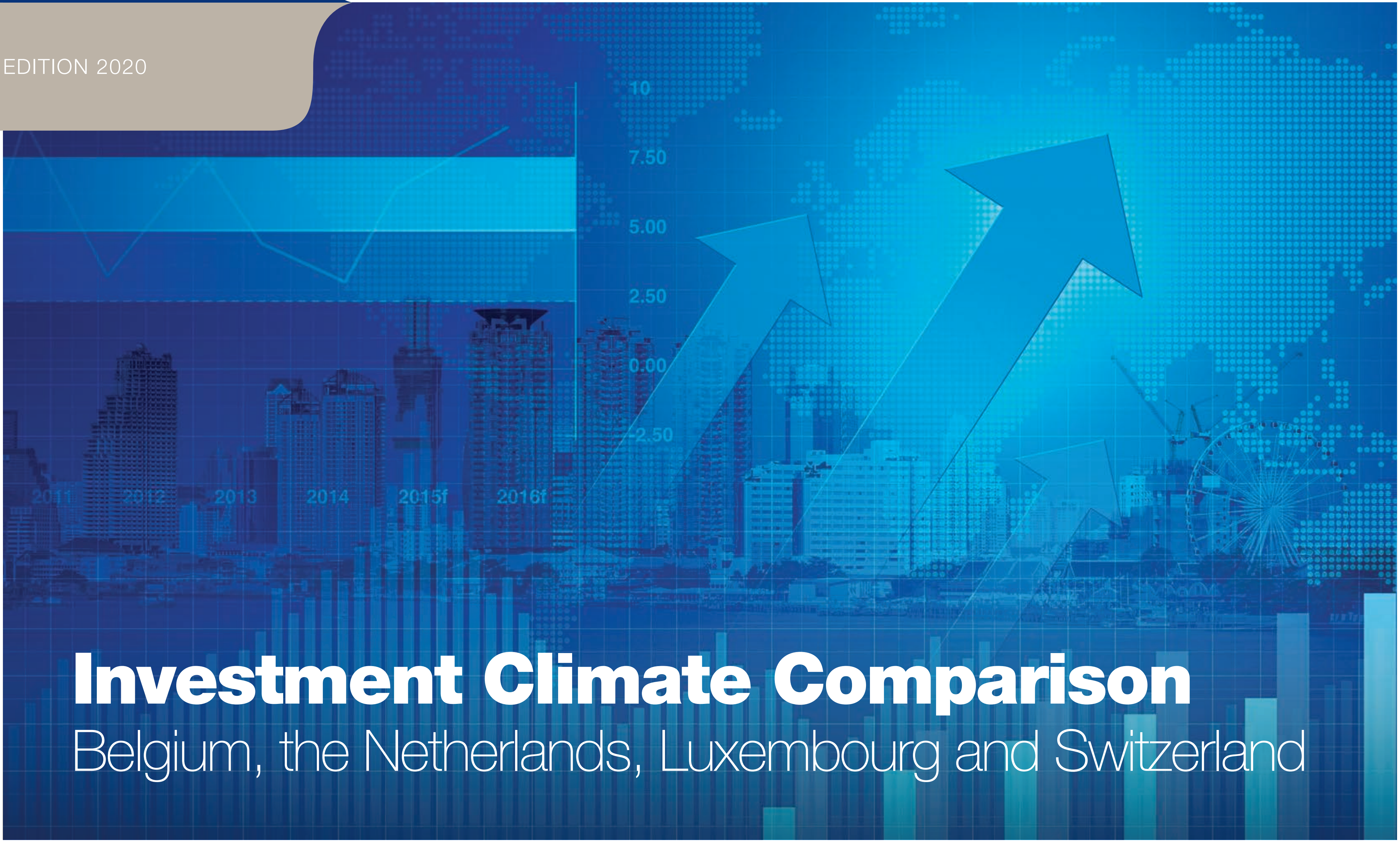
LOYENS LOEFF

EDITION 2020



Investment Climate Comparison

Belgium, the Netherlands, Luxembourg and Switzerland

Disclaimer

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1. Our home markets

Introduction

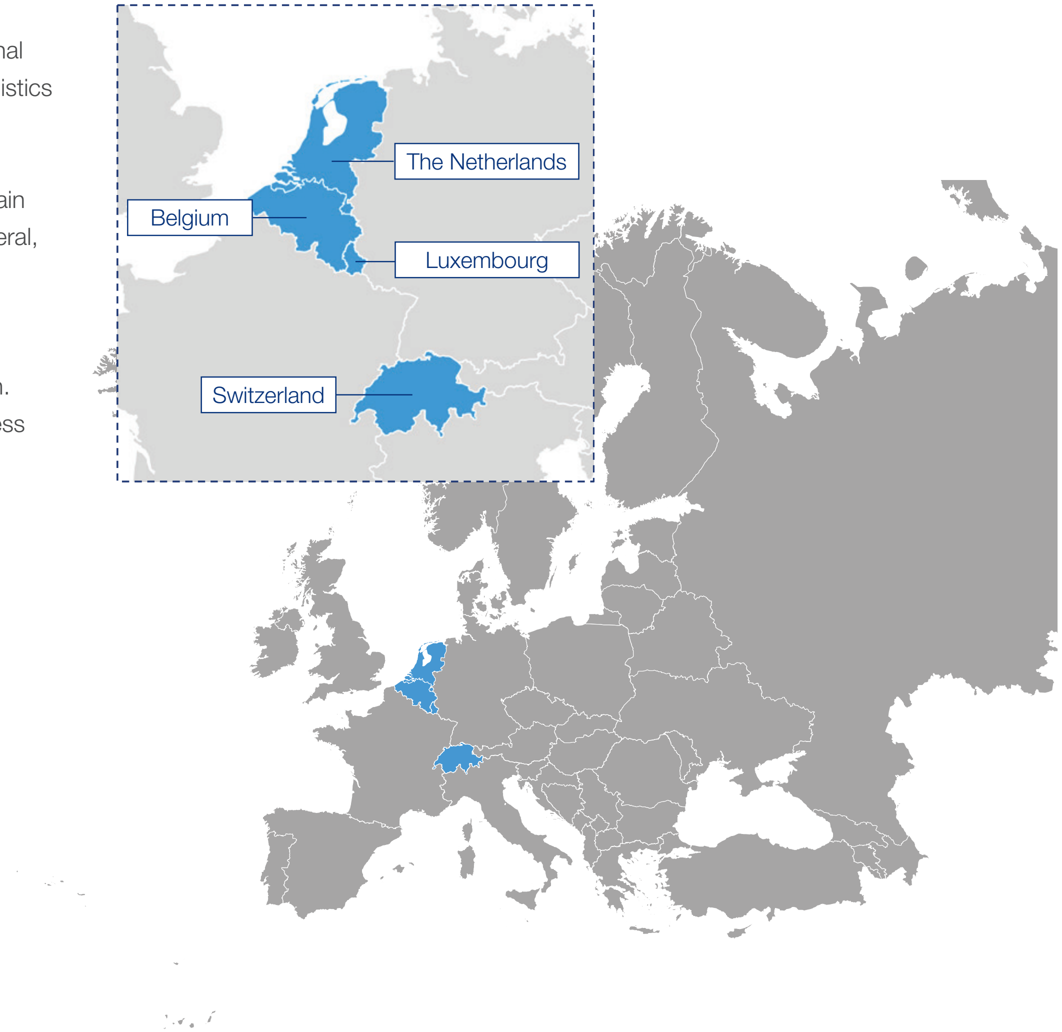
Our home markets: **Belgium**, **the Netherlands**, **Luxembourg** (together BeNeLux) and **Switzerland**, four relatively small countries in the heart of Europe with open, international and competitive economies. Not surprisingly, many multinational enterprises (MNE) base their operations in these countries, for instance by means of European or regional headquarters, a shared service centre, a customer care centre, a distribution and logistics centre or a research & development (R&D) facility.

This publication is meant for investors and their advisers to inform them about the main features of the investment climate in the BeNeLux and Switzerland. We do so in general, by setting out and comparing the main characteristics of the different jurisdictions in terms of corporate taxes, legal framework and certain employment related aspects.

We present and compare these countries without a bias for one particular jurisdiction. This allows you to take an informed decision on which country best suits your business and market.

Please reach out to your regular contact within Loyens & Loeff or visit our website (www.loyensloeff.com) for more information and contact details.

We hope that you find the information enclosed of interest.



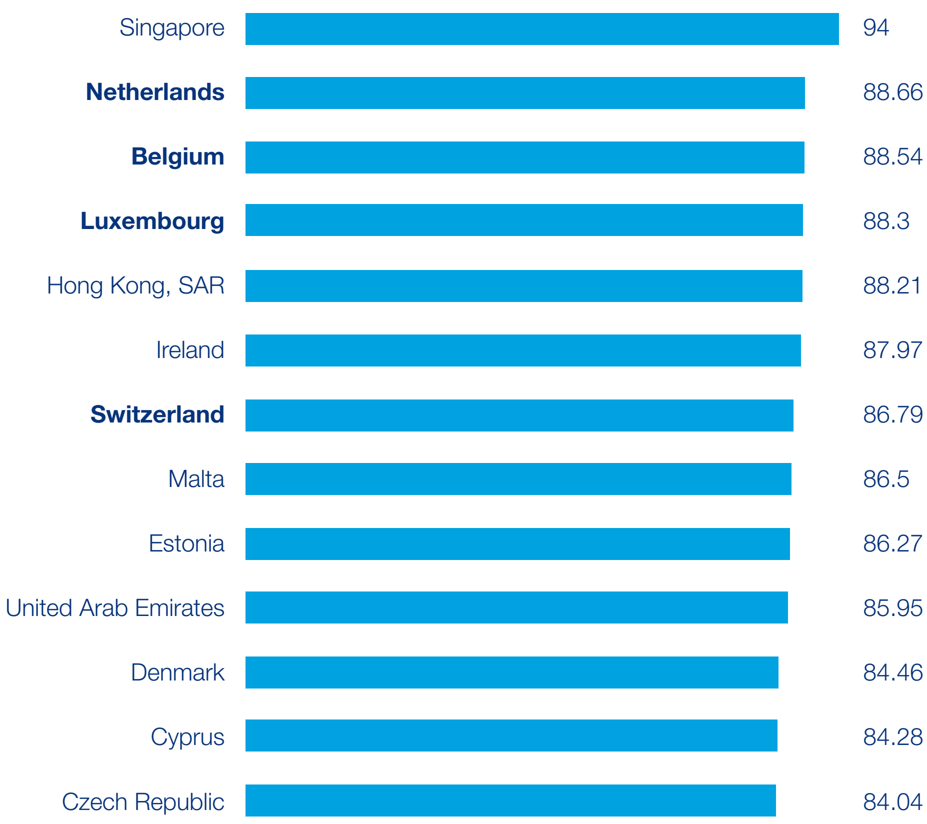
A global economy

7 key factors

1. A **geographic position** at the heart of the wealthiest and most densely populated area of Europe, sharing borders or closely connected with large economies like Germany, France, Italy and the United Kingdom.
2. An **excellent logistic gateway** to Europe, with a long tradition of world-class infrastructure, including Europe's largest seaports (Rotterdam and Antwerp), well-connected international airports and renowned roads, rail networks and waterways.
3. A highly skilled, productive and **international workforce**. Well-educated workers, who are among the most multilingual in the world, enabling them to successfully operate within a vast range of industries engaged in cross-border trade and services.
4. The **stable political and economic environment** creates a reliable place to do business. It is for good reason that these countries host international organizations like the EU institutions (Brussels, Luxembourg, Amsterdam), the International Court of Justice (The Hague) and the European headquarters of the UN (Geneva).
5. A well thought-out, flexible and **reliable legal and regulatory framework** of domestic and European laws caters to the requirements and concepts preferred by parties from different jurisdictions.
6. Among the most 'wired' countries, where high-speed internet, advanced ICT systems and state-of-the-art computer and cell-phone technology have created a formidable base for international businesses relying on – and active in the field of – **modern technology**.
7. An indisputable high quality of life, surrounded by beautiful nature, a great cultural and architectural history, high-level education, a wide variety of leisure activities, an international cuisine and an open society make these countries a truly **welcoming new home** to expatriates.

Hence with good reason these countries rank 2^{nd} (Netherlands), 3^{rd} (Belgium), 4^{th} (Luxembourg) and 7^{th} (Switzerland) and on the 2019 Globalisation Index, which measures the economic, social and political dimensions of the globalization of nation states.

2019 Globalisation Index



Source: Statista

2. Corporate tax climate for multinational enterprises (MNEs)

A tax framework that fits your activities

The business activities of MNE require an attractive and stable tax system facilitating the international import and export of goods, services and capital. The open economies of the BeNeLux and Switzerland could not flourish, as they are used to, without an inviting tax climate. The BeNeLux and Switzerland are therefore committed to remaining and strengthening their attractiveness for businesses and assuring competitive conditions. As a result thereof, their corporate tax systems all rank among the most attractive of Europe.

Despite the obvious differences in activities and needs between MNE, generally they all require an efficient corporate structure from both a legal and tax perspective, providing for large flexibility to finance their operations and to remunerate their stakeholders and financiers.

The following chapters will set out and compare the main features of the different corporate tax systems, with a focus on aspects that are particularly relevant for MNE, including general corporate tax features and the tax treatment of holding, finance and R&D activities.

2019 International Tax Competitiveness Index Rankings

	#
Estonia	1
New Zealand	2
Latvia	3
Lithuania	4
Switzerland	**5**
Luxembourg	**6**
Australia	7
Sweden	8
Netherlands	**9**
Czech Republic	10
Slovak Republic	11
Belgium	**27**

2019 International Tax Rules Rank

	#
Switzerland	**1**
Hungary	2
Netherlands	**3**
Austria	4
Luxembourg	**5**
Czech Republic	6
Latvia	7
Germany	8
New Zealand	9
United Kingdom	10
Estonia	11
Belgium	**25**

Source: www.taxfoundation.org. The index ranks 36 member countries of the OECD based on several categories.

General corporate tax features

	Belgium	Netherlands	Luxembourg	Switzerland
Corporate income tax				
Rates	25% (20% for first €100,000 of profit of SMEs)	25% (16.5% for first €200,000 of profit)	24.94% combined rate (CIT, municipal business tax and unemployment fund)	11.83% to 21.6% combined rate (federal, cantonal and communal)
Tax basis	Worldwide profit	Worldwide profit	Worldwide profit	Worldwide profit
Unilateral double tax relief	Exemptions and credits	Exemptions and credits	Exemptions and credits	Exemptions and credits
Consolidation regime	Yes, via a group contribution agreement (subject to certain conditions)	Yes	Yes	Yes
Functional currency	Yes	Yes	Yes	Yes
Tax loss carry back/forward	No / Indefinite, the offset against taxable profits in so far as these exceed €1m is limited to 70% per taxable period	1 year / 6 years (this used to be 9 years, losses incurred before can be still carried forward for a maximum of 9 years)	No / 17 years (for losses incurred prior to 1 January 2017, indefinite carry forward)	No / 7 years
Other taxes				
VAT (or Swiss equivalent)	21% main rate	21% main rate	17% main rate	7.7% main rate
Net wealth tax	No	No	0.5/0.05% (including minimum tax)	0.001% to 0.4%, canton dependent
Capital / issuance tax	Flat fee of €50	No	No	1% on share issuances (> CHF1m; one time exemption)
Real estate transfer tax	10/12.5%, region dependent	6% (commercial real estate)	6% (basic rate) plus 1% transcription tax (+3% surcharge in Luxembourg-City)	Rate canton dependent
Other transfer tax	No	No	No	0.15/0.30% on securities, if a Swiss securities dealer is a party or intermediary to the transaction
Other aspects				
Advance tax rulings	Direct & indirect taxes	Direct & indirect taxes	Direct & indirect taxes	Direct & indirect taxes
Advance pricing agreements	Yes	Yes	Yes	Yes
Government fee ruling	No	No	€3,000 - €10,000	No
Tax treaty network	95	96	83	109

Holding activities

	Belgium	Netherlands	Luxembourg	Switzerland
Parent-subsidiary regimes				
Dividends	Full exemption	Full exemption	Full exemption	Full 'participation reduction' of CIT allocable to net dividend
Capital gains	Full exemption	Full exemption	Full exemption	Full 'participation reduction' of CIT allocable to net gain
Residency subsidiary	Unilateral scope	Unilateral scope	Unilateral scope	Unilateral scope
Minimum thresholds	10% or an acquisition value of ≥ €2.5m	5%	10% or an acquisition value of ≥ €1.2m for dividends and ≥ €6m for capital gains	10% or a fair value of ≥ CHF1m for dividends, only participation reduction for capital gains on disposal of ≥ 10% of the shares in a subsidiary
Minimum holding period	12 months (may be met prospectively for dividends)	No	12 months (may be met prospectively for dividends)	No minimum for dividends, 12 months for capital gains
Subject-to-tax equirement	≥ 15% (statutory or effective), direct and indirect subsidiary test, deemed to be met for EU resident subsidiaries (other tests should also be met)	≥ 10% and (broadly) comparable tax base, only relevant if the subsidiary's assets consist (in)directly for ≥ 50% of low-taxed (deemed) free passive investments	≥ 8.5% and comparable tax base. Requirement applies only for subsidiaries that do not qualify under the EU Parent-Subsidiary Directive	No
Deduction related expenses	Yes, but certain interest deduction limitations. Further, interest deductibility limitation may apply (e.g. deductibility of 'excessive net borrowing costs' capped at highest of 30% EBITDA or €3m)	Yes, but limitation for acquisition/sale costs. Further, interest deductibility limitations may apply: (i) deductibility of 'excessive net borrowing costs' (capped at highest of 30% EBITDA or €1m), and (ii) anti-base erosion rule	Yes, but limitation and/or recapture for costs (including interest) that relate to exempt dividends and gains; interest deductibility limitation may apply (deductibility of 'excessive net borrowing costs' capped at highest of 30% EBITDA or €3m)	No deduction for attributed financing costs and (deemed) G&A expenses
CFC-rules	If a foreign subsidiary is considered a Controlled Foreign Company (CFC), the non-distributed income arising from non-genuine arrangements is included in the tax base of the Belgian taxpayer. An arrangement shall be regarded as non-genuine to the extent that the CFC would not own assets or would not have undertaken risks if it were not controlled by the Belgian taxpayer	If a foreign subsidiary is considered a CFC, non-distributed passive income (for example: dividend, interest and royalty income) is annually included in the taxable basis of the Dutch taxpayer	If a foreign direct or indirect subsidiary or permanent establishment qualifies as a CFC, its undistributed income, that is generated thanks to functions performed and risks borne by the controlling Luxembourg parent company, will be included in the corporate income tax base of that parent company	No
Deduction capital losses	Only liquidation losses, conditionally	Only liquidation losses, conditionally	Yes, subject to limitation/recapture	Yes, subject to limitation/recapture
Taxation non-resident corporate shareholders				
Dividend withholding tax	30%, exemption for entities resident in EU/EEA or treaty jurisdiction providing for exchange of information with shareholdings of ≥ 10% or an acquisition value of ≥ €2.5m (certain conditions apply)	15%, exemption for entities resident in EU/EEA or treaty jurisdictions with shareholdings of ≥ 5% when certain conditions apply	15%, exemption for entities resident in EU/EEA or treaty jurisdiction with shareholdings of ≥ 10% or an acquisition value of ≥ €1.2m when certain conditions apply	35%, exemption for EU resident entities with shareholdings of ≥ 25% and tax treaty relief in many other cross-border situations
Tax on capital gains	No	Only in 'abusive' situations	Only on speculative gains (i.e., gains realised during first 6 months)	Only in 'abusive' situations

Finance activities

	Belgium	Netherlands	Luxembourg	Switzerland
General				
Taxation financing income	General rates	General rates	General rates	General rates
Determination intragroup interest and financing margins	Arm's length principle, economic analysis, transfer pricing report	Arm's length principle, economic analysis, transfer pricing report	Arm's length principle, economic analysis, transfer pricing report	Safe harbour interest rates, unless taxpayer demonstrates a different arm's length interest rate
Interest deduction	Yes, but deduction of 'excessive net borrowing costs' capped at highest of (i) 30% of the taxpayer's EBITDA or (ii) €3m (in principle no impact for a group entity providing back-to-back financing), applying to loans concluded (or modified) as of 17 June 2016. Existing thin cap (5:1 debt-to-equity ratio) remains for 'old' loans and interest paid to recipient in tax haven	Yes, but deduction of 'excessive net borrowing costs' capped at highest of (i) 30% of the taxpayer's EBITDA or (ii) €1m (in principle no impact for back-to-back financing). Other specific interest deductibility limitations may apply	Yes; but deduction of 'excessive net borrowing costs' capped at highest of (i) 30% of the taxpayer's EBITDA or (ii) €3m (in principle no impact for back-to-back financing)	Yes, but thincap rules (safe harbour maximum debt ratio per asset class)
Credit foreign interest withholding tax	Specific credit (unilateral)	Ordinary credit (from tax treaty jurisdiction or developing country)	Ordinary credit (from tax treaty jurisdiction or country with comparable CIT)	Ordinary credit (from tax treaty jurisdiction)
Incentives				
Notional interest deduction on equity	10 year government bond related rate on 'incremental risk capital', which equals 20% of the positive difference between (i) the adjusted equity at the beginning of the taxable period and (ii) the adjusted equity at the beginning of the fifth preceding taxable period	No	No	Canton of Zurich only (ETR 11.2% to12.3%)
Other	No	No	No	Reduction in net wealth tax basis for intra-group loans and other financial assets (canton dependent)
Taxation for non-resident corporate lenders				
Interest withholding tax	30%, exemption for EU/EEA credit institutions, group entities that qualify under EU Interest-Royalty Directive (IRD) and Belgian registered bonds. Tax treaties provide for relief in many other cross-border situations	No, but conditional withholding tax per 2021 on payments to certain related parties in low tax jurisdictions or in case of abuse	No	0/3/35% (on certain debt instruments only), exemption for qualifying interest under EU-Swiss Savings Agreement. Tax treaties provide for relief in many other cross-border situations
Non-resident taxation (excluding permanent establishments)	No	Only in 'abusive' situations	No	No

R&D activities

	Belgium	Netherlands	Luxembourg	Switzerland
General				
Taxation royalty income	General rates	General rates	General rates	General rates
Determination intragroup royalties and licensing margins	Arm's length principle, economic analysis, transfer pricing report	Arm's length principle, economic analysis, transfer pricing report	Arm's length principle, economic analysis, transfer pricing report	Arm's length principle, economic analysis, transfer pricing report
Amortisation acquired IP	Straight line (linear) amortisation at acquisition value, minimum term of 5 years (3 years for R&D investments)	Amortisation to residual value over economic lifespan, for a maximum of 20% per book year	Amortisation for tax purposes should follow from the commercial accounts	Amortisation of 40% (reducing-balance on tax book value) / 20% (straight line on acquisition value) for federal CIT (rules in cantons may vary for cantonal/communal CIT)
Credit foreign royalty withholding tax	Specific credit (unilateral)	Ordinary credit (from tax treaty jurisdiction or developing country)	Ordinary credit (from tax treaty jurisdiction or country with comparable CIT)	Ordinary credit (from tax treaty jurisdiction)
Incentives				
IP regimes	85% tax base reduction of qualifying net income	72% tax base reduction	80% tax base reduction of qualifying net income	Patent box available in all cantons (ETR approx. 9.10% to 14.0%
Qualifying intangibles	Intangibles originating from approved R&D projects protected by patents, breeders rights, supplementary protection certificates, an orphan drug designation, data and/or market exclusivity or software with copyright	Self-developed or acquired but self-improved intangibles which have been developed under Dutch R&D-statements. For non-SMEs, additional legal rights are required (such as patents, breeder rights, software, utility models)	Old regime (grandfathered): Software copyright, patent, trademark or trade-name, domain name, design or model. New regime: patent, utility model, software, plant variety certificates, some pharmaceutical / medicine-related intangibles	Patents and similar rights (e.g. patents for orphan drugs etc.), software only if protected by a patent
Qualifying income	(Embedded) royalties, process innovation income, compensation for damages due to IP infringement and capital gains allocable to qualifying intangibles	Royalties (and gains) or business income allocable to qualifying intangibles. If a substantial part of the R&D activities is being outsourced to group entities, a limitation on qualifying income applies (nexus approach)	Royalties (and gains) or business income allocable to qualifying intangibles (including indemnities obtained in judicial or arbitration proceedings concerning a qualifying asset)	Royalties and other business income allocable to qualifying intangibles. Outsourcing to third parties and Swiss resident related parties does not result in a limitation on qualifying income
Developments	Conditionally, a grandfathering rule allows to further apply the former regime (80% tax base reduction) on patents applied for / acquired before 1 July 2016 until 30 June 2021	Amended regime in force as of 1 January 2017 (applying modified nexus approach). As of 2021: effective rate from 7% to 9%. Grandfathering rules apply until the financial year that ends before 1 July 2021 at the latest	Old regime abolished as of 1 July 2016 (5-year grandfathering). New regime (applying modified nexus approach) applies as from tax year 2018	Patent box mandatory in all cantons as of 1 January 2020 (combination with step-up upon migration can further reduce tax basis)
Other CIT incentives	Extra investment deduction of 13.5% (one-time) or 20.5% (spread) can be claimed for certain acquired or self-developed fixed assets and intangibles. Exemption of CIT for certain regional subsidies for R&D	No	No	Other CIT incentives: additional 50% deduction on R&D salary expenses paid by a Swiss taxpayer (optional, canton dependent) resulting in a tax incentive on salary costs
Wage tax incentives	80% wage withholding tax exemption for scientific researchers holding a qualifying doctor, master or bachelor degree	Variable wage tax credit for (i) employment costs and (ii) other costs and expenditures directly attributable to R&D projects as approved/listed on Dutch R&D statements	No	No
Taxation for non-resident corporate licensors				
Royalty withholding tax	30%, exemption for group entities that qualify under EU IRD or treaty relief in many other cross-border situations	No, but conditional withholding tax per 2021 on payments to certain related parties in low tax jurisdictions or in case of abuse	No	No

3. Choose your legal form

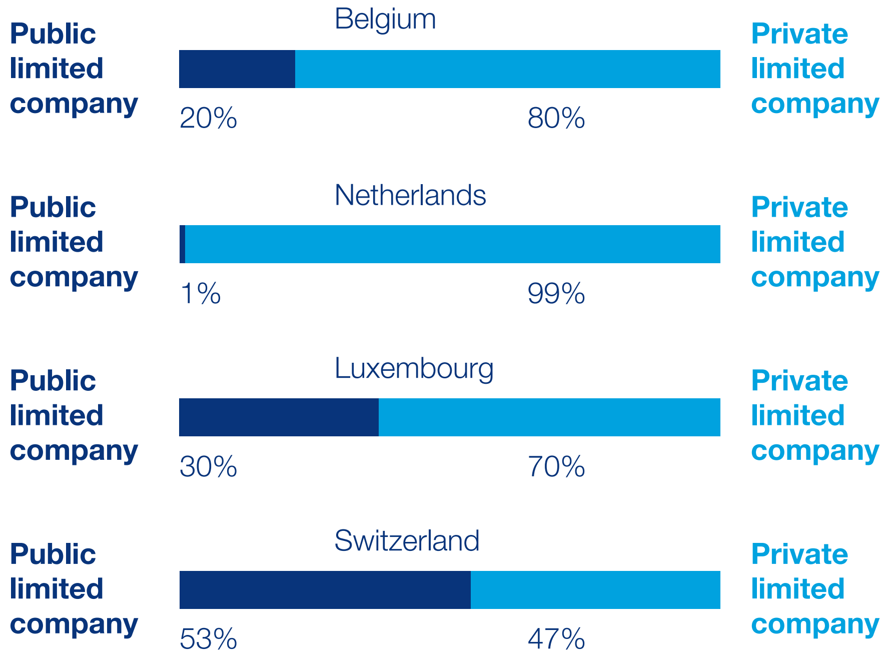
Legal forms of doing business

There are two basic ways in which MNE may carry out business in the BeNeLux or Switzerland, either through a resident company or a branch. The question 'which form should be used?' must be answered on a case-by-case basis.

1. The private limited company is by far the most widely used legal form to do business in the Netherlands and Luxembourg, where public limited companies are mainly used for listings at a stock exchange and/or for larger companies. In Switzerland and Belgium, however, the public limited company is more commonly used for MNE structures (other than US MNE which often use private limited companies for check-the-box purposes in Belgium). Alternatively, for example, businesses and their investors may consider the use of a limited partnership with the benefit of contractual freedom and less legal boundaries, albeit with more extensive liability.
2. A foreign legal entity could do business in the BeNeLux and Switzerland by means of a branch (or its effective place of management) as well. A branch may under circumstances have the benefit of lighter compliance obligations in the respective jurisdictions. From a tax perspective, there may be differences between the use of a legal entity or a branch depending on the case at hand.

Hereafter we compare the main characteristics of the private and public limited companies in the various jurisdictions.

The Belgian government has recently amended and recodified Belgian company law which brought significant changes to the previous legal system. As of 1 January 2020, the new code applies to all Belgian companies. Under the new company code, the private limited company is intended to become the most flexible and widely used legal form in Belgium. The characteristics set out below only take the new company code into account.



Source: Publicly available statistics

Incorporation, liability & public disclosure of non-listed MNEs

	Belgium		Netherlands		Luxembourg		Switzerland	
	BV/SRL	**NV/SA**	**BV**	**NV**	**Sarl**	**SA**	**GmbH, Sarl, Sagl**	**AG, SA , SA**
Incorporation								
Legal personality	Yes		Yes		Yes		Yes	
Procedure	Execution notarial deed		Execution notarial deed		Execution notarial deed		Execution notarial deed	
Shareholders	At least one shareholder		At least one shareholder		At least one shareholder		At least one quota holder	At least one shareholder
Objects	Various		Various		Various		Various	
(Governmental) approval	Business licence required for the exercise of certain operational activities in Belgium (not applicable to holding companies)		No		Business licence required for the exercise of certain operational activities in Luxembourg (not applicable to holding companies)		No	
Registration	Belgian Crossroads Database of Enterprises		Dutch trade register		Luxembourg Register of Commerce and Companies		Commercial register of the canton where the company has its seat	
Registered office	Anywhere in Belgium (NB - region dictates the official language of the company: Dutch, French or German)		Anywhere (provided the official seat must be in the Netherlands)		Anywhere in Luxembourg		Anywhere in Switzerland	
Business plan	Yes (covering the first two years)		No		No		No	
Liability								
Shareholder	Limited to contribution		Limited to contribution		Limited to contribution		Limited to contribution	
Public disclosure								
Directors	Yes (if individual: name and private address; if legal entity: corporate details + personal details permanent representative)		Yes (if individual: name and birth details; if legal entity: corporate details)		Yes (if individual: name, birth details and private address; if legal entity: corporate details)		Yes (name, place of residence. If Swiss: place of origin; if foreigner: nationality)	
Shareholders	No, with some exceptions including in case of: (i) shares not been fully paid-up, (ii) sole shareholding (only for NV/SA) and (iii) first subscription of shares		Only in case of sole shareholder (if individual: name and birth details; if legal entity: corporate details)		Yes	Only at the time of subscription	Yes	No
Beneficial owners (NB - EU Member States should have publicly accessible UBO-registers as of 25 June 2017)	Belgian legal entities must report their ultimate beneficial owners in the Belgian UBO register		The Dutch law introducing the UBO register is expected to come into effect early 2020. Upon introduction of the UBO-register, existing entities have 18 months to submit their relevant UBO-information. Newly incorporated entities will be required to register their UBO-information simultaneously with their registration with the Chamber of Commerce		The Luxembourg law introducing the UBO register came into effect on 1 March 2019. Legal entities falling within its scope had six months to comply with their reporting obligations (i.e. until 1 September 2019)		No	

Governance of non-listed MNEs

	Belgium		Netherlands		Luxembourg		Switzerland	
	BV/SRL	NV/SA	BV	NV	Sarl	SA	GmbH, Sarl, Sagl	AG, SA , SA
Governance								
Corporate bodies	Director(s), managing director (optional) or board of directors, shareholders meeting, statutory auditor (with exemptions)	Board of directors (one- or two-tier), sole director, managing director (optional), statutory auditor (with exemptions), shareholders meeting	Management board, supervisory board (optional but mandatory for non-SME companies), shareholders meeting One-tier and two-tier board structure possible		Manager(s) or management board, shareholders meeting, statutory auditor (if more than 60 shareholders), external auditor (if certain thresholds are met)	Statutory / external auditor, general meeting One-tier and two-tier board possible (see 'board composition' below)	Quota holders meeting, board of managing directors, external auditors (exemption for some cases)	Shareholders meeting, board of directors, external auditors (exemption for some cases)
Board composition	One or more directors (two or more can act as a board if provided in the articles)	One-tier board: at least three directors (two if less than three shareholders) Two-tier board: at least three supervisory board members; at least three executive board members Sole director: one director	At least one director (at least two directors in case of one-tier board)		A least one manager	One-tier board: at least three directors (one if only one shareholder) Two-tier board: at least two executive directors (one if only one shareholder or for companies with a share capital below €500,000); at least three supervisory board members (one if only one shareholder)	At least one managing director	At least one director
Board meetings	Anywhere (subject to tax substance requirements)		Anywhere		Anywhere		Anywhere	
Director requirements / limitations	Certain personal incompatibilities. If a legal person is appointed as board member, it must designate a natural person to exercise that duty and which cannot also be a director in his/her own name		Limitations on number of positions possible for non-SME companies		Certain personal incompatibilities	Certain personal incompatibilities. If a legal person is appointed as a board member, it must designate a natural person to exercise that duty	Only natural persons may be elected as board members. The board may consist of one or several members, all of which need not to be Swiss citizens or shareholders of the company	

Capital & fund raising

	Belgium		Netherlands		Luxembourg		Switzerland	
	BV/SRL	**NV/SA**	**BV**	**NV**	**Sarl**	**SA**	**GmbH, Sarl, Sagl**	**AG, SA , SA**
Capital / fund raising								
Minimum capital requirements	N/A	€61,500	N/A	€45,000	€12,000	€30,000	CHF20,000	CHF100,000
Contributions	In cash (with bank statement and, unless waived unanimously, auditor report) or in kind (with auditor report)		In cash or in kind	In cash (with bank statement) or in kind (with auditor report)	In cash (with bank statement) or in kind (with manager certificate)	In cash (with bank statement) or in kind (with auditor report)	In cash or in kind (with auditor report)	
Financial assistance limitations	Yes	Yes	No	Yes	No	Yes	Yes	Yes
Denomination share capital	N/A	Euro (other currencies possible under specific circumstances and after governmental approval)	Any currency	Euro	Any currency		CHF	
Bond issuance	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Shares								
Issuance	By notarial deed: (i) shareholder(s) meeting in front of a notary or (ii) in case of authorised share capital, by a management body resolution, to be recorded in front of the notary		By notarial deed		By notarial deed: (i) shareholder(s) meeting in front of a notary or (ii) in case of authorised share capital, by a management body resolution, to be recorded within one month in front of the notary		Quota holders resolution in front of public notary	Shareholders resolution in front of public notary
Transfer	By private deed. Legal transfer restrictions apply, but can be made freely transferable in the articles of association	By private deed. Freely transferrable	By notarial deed	Freely transferable but articles may provide for transfer restrictions	By private deed. Restrictions apply to transfer to non-shareholder	By private deed. Freely transferrable	By private deed. Freely transferrable, but articles may provide for transfer restrictions	
Classes, types	Different classes possible (including preference, non-voting and special voting)		Different classes possible (including preference, non/ limited-profit or non/limited-voting)	Different classes possible (including preference, limited-profit or special voting)	Different classes possible (including preference, special profit), but one-share-one-vote principle	Different classes possible (including preference, special profit or special voting)	Different classes possible (including preference and special voting)	Different classes possible (including preference, non-voting and special voting)
Share listing	Yes	Yes	No	Yes	No	Yes	No	Yes

Financial reporting & restructuring

<table>
<tr><th></th><th colspan="2">Belgium</th><th colspan="2">Netherlands</th><th colspan="2">Luxembourg</th><th colspan="2">Switzerland</th></tr>
<tr><th></th><th>BV/SRL</th><th>NV/SA</th><th>BV</th><th>NV</th><th>Sarl</th><th>SA</th><th>GmbH, Sarl, Sagl</th><th>AG, SA , SA</th></tr>
<tr><td colspan="9">Financial reporting</td></tr>
<tr><td>Documentation</td><td colspan="2">Annual accounts (financial statements, profit and loss and notes) and management report (if certain thresholds are exceeded)</td><td colspan="2">Annual accounts (financial statements, profit and loss and notes) and management report</td><td>Annual accounts (financial statements, profit and loss and notes) and management report (if certain thresholds are met)</td><td>Annual accounts (balance, profit and loss and notes), management report (if certain thresholds are met)</td><td colspan="2">Annual accounts (financial statements, profit and loss and notes) and management report</td></tr>
<tr><td rowspan="2">Audit</td><td colspan="2" rowspan="2">Only if at least two of following criteria are met during two consecutive years: (i) asset value of > €4.5m (ii) net turnover of > €9m and (iii) ≥ 50 employees on average</td><td colspan="2" rowspan="2">Only if at least two of following criteria are met during two consecutive years: (i) asset value of > €6m, (ii) net turnover of > €12m and (iii) ≥ 50 employees on average</td><td>By statutory auditor only if > 60 shareholders</td><td>By statutory auditor</td><td colspan="2" rowspan="2">External audit if at least two of the following criteria are met during two consecutive years: (i) a balance sheet total of ≥ CHF20m, (ii) sales revenue of ≥ CHF40m, (iii) ≥ 250 FTEs on annual average.

If the requirements for an ordinary audit are not met, a limited audit must take place</td></tr>
<tr><td colspan="2">Audit by external auditor required if at least two of the following criteria are met during two consecutive years: (i) assets value of > €4.4m, (ii) net turnover of > €8.8m and (iii) ≥ 50 employees on average</td></tr>
<tr><td>Public reporting</td><td colspan="2">Belgian Crossroads Database of Enterprises; Belgian National Bank</td><td colspan="2">Dutch trade register</td><td colspan="2">Luxembourg Register of Commerce and Companies</td><td colspan="2">No, except for companies with share listings or outstanding debentures</td></tr>
<tr><td colspan="9">Restructuring</td></tr>
<tr><td>Conversion</td><td colspan="2">National and cross border</td><td colspan="2">National and cross-border in EU</td><td colspan="2">National and cross-border</td><td colspan="2">National and cross-border</td></tr>
<tr><td>Merger/demerger</td><td colspan="2">National and cross-border (demerger only national)</td><td colspan="2">National and cross-border in EU</td><td colspan="2">National and cross-border</td><td colspan="2">National and cross-border</td></tr>
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4. Hiring employees

Legal aspects

“A happy employee, is a productive employee”

In the Human Development Index 2019 of the United Nations which focusses on the richness of human lives, our home markets rank 2nd (Switzerland), 10th (the Netherlands), 17th (Belgium) and 21st (Luxembourg). The BeNeLux and Switzerland are certainly a great place to live, thus a great place to work!

When setting up a business location in the BeNeLux or Switzerland, MNE may consider to hire employees locally or to transfer foreign employees on an open- ended or secondment basis. In any way, attention should be paid to several aspects in the field of employment law and employment related taxes.

An **employment contract** is usually governed by the law of the country of residence of the employer and employee. If an employee is seconded to work in another country, such contract may become partly governed by the laws of the receiving country. The duration of the secondment is an important factor.

Within the EU, **social security** is directed by an EU directive, based on which an employee is in principle subject to the social security system of one state exclusively. A person who is employed in one EU Member State and temporarily seconded to another, may remain subject to the social security legislation of the first Member State, provided certain conditions are met. Due to bilateral agreements between Switzerland and the EU, the above applies mutatis mutandis to the situation where an EU citizen is seconded to Switzerland or vice versa.

Hereafter, a selection of employment related aspects is compared for the BeNeLux and Switzerland, including employment taxes, social security contributions, expat regimes and permits.

TOP 25 - United Nations Human Development Index 2019

1	Norway	14	New Zealand
2	**Switzerland**	15	United Kingdom
3	Ireland	16	United States
4	Germany	**17**	**Belgium**
5	Hong Kong, China (SAR)	18	Liechtenstein
6	Australia	19	Japan
7	Iceland	20	Austria
8	Sweden	**21**	**Luxembourg**
9	Singapore	22	Israel
10	**Netherlands**	23	Korea (Republic of)
11	Denmark	24	Slovenia
12	Finland	25	Spain
13	Canada	of 189 countries in total	

Source: Human Development Report - United Nations - 2019

Wage taxes, social security & expat regimes

	Belgium	Netherlands	Luxembourg	Switzerland
Wage tax and social security contributions				
Rates	– €0 - €13,250 -> 25% – €13,250.01 - € 23.390 -> 40% – €23,390.01 - €40.480 -> 45% – €40,480 and more -> 50% Further increased with municipal taxes, varying per municipality	– €0 - €34,712 -> 9.7% – €34,713 - €68,507 -> 37.35% – €68,508 and more -> 49.50%	From 0 to 45.78%	Personal income tax on federal, cantonal and communal level, depending on canton/ community where domiciled, at progressive rates. For example: – €150,000: 16.4% (Zug) to 28.7% (Vaud) – €300,000: 20.3% (Zug) to 37.7% (Vaud) – Max: 22.86% (Zug) to 44.75% (Geneva)
Tax basis	Worldwide income (in principle)	Worldwide income (in principle)	Worldwide income (in principle)	Worldwide income (in principle)
Double tax relief	Exemptions and credits	Exemptions and credits	Exemptions and credits	Exemption
Social security contributions employee	13.07%	27.65%	12.45%	Mandatory social security (including accident insurance, excluding occupational pension plan and administrative costs): 6.375% (for salaries up to CHF 148,200) and 5.775% (for salaries exceeding CHF 148,200). Pension contributions depending on pension plan
Social security contributions employer	25%	Between approx. 18.2% and 23.2% (combined rates for employee insurances and health insurances), depending on the employment agreement (temporary or permanent)	Ranging from 12.12% to 14.75%	Mandatory social security (including accident insurance and family allowance, excluding occupational pension plan and administrative costs): 6.375% (for salaries up to CHF 148,200) and 5.775% (for salaries exceeding CHF 148,200). Pension contributions depending on pension plan
Maximum social security basis	Uncapped	€34,712 (employees), €57,232 (employers)	€128,519.64	Uncapped for mandatory social security and family allowance; pension contributions according to pension plan, but in any case capped to CHF 853,200
Expat regimes				
Tax treatment	Special tax status for expats offers a wide range of tax (and social security) exemptions. Tax free allowances up to €11,250 per year (or €29,750 in some cases). Additionally, income relating to foreign business trips and certain reimbursements are tax exempt	A “30% ruling” may enable the employer to pay 30% of the gross remuneration as a tax free allowance for a period of up to 5 years. An employee with a 30% ruling may opt to be treated as non-resident taxpayer for the personal income tax, limiting taxation on net wealth and substantial shareholdings	Expats may benefit from an exclusion of certain qualifying expenses and allowances from taxable employment income	Expat allowance for senior executives and professionals with special qualifications. Special deductions e.g. for moving or living costs, provided that the expat’s foreign residence is permanently maintained for personal use (no subletting). Actual costs or lump-sum deduction of CHF1,500 (federal), cantonal deductions vary

Other personal tax aspects & permits

	Belgium	Netherlands	Luxembourg	Switzerland
Other personal tax aspects				
Deduction mortgage expenses for personal income tax	Yes (conditionally, region dependent)	Yes, but limited and decreasing every year	Yes	Yes
Deduction costs of education for personal income tax	No (only under specific circumstances)	No	Only under Luxembourg expat regime	Capped deduction for education costs (CHF 12,000 federal; cantonal deductions vary)
Taxation substantial shareholdings individuals	Dividend income from any shareholding is taxed at 30%. Capital gains are only taxed at 16.5% in case a substantial shareholding (more than 25%) is sold to a non EU/EEA company. Alternatively, a 33% rate may apply on gains realised outside 'regular private wealth management' or on speculative gains on listed shares	Dividend income and capital gains from a substantial shareholding (5% or more) are taxed at 26.25%	To dividend income and capital gains from a substantial shareholding (more than 10%) a conditional exemption of 50% applies, resulting in an effective personal income tax rate of max. 22.89%	Non-business assets: Dividend income from substantial shareholdings (10% or more) are taxed at 70%; capital gains in principle tax free. Business assets: Dividend income and capital gains from substantial shareholdings (10% or more) are taxed at 70%. Cantonal relief varies
Net wealth tax individuals	No	30% on a progressive notional return of 0.06% to 5.33% on the fair value of net 'savings and portfolio investments'. The first €30,846 of savings and portfolio investments is exempt from the taxable base	No	Cantonal levy only. Maximum rates of 0.098% (Schwyz, lowest) up to 0.955% (Geneva, highest) on net asset value
Real estate transfer tax	Registration duties on the transfer of real estate (including lease) at rates ranging from 0.2% to 12.5% depending on the nature of the transfer and/or the region	2% (residential real estate / own house)	6% (main rate) plus a 1% transcription tax. An additional charge of 3% for Luxembourg municipality is applicable	Depending on canton 1% to 3%. Additionally, land registry and notary fees upon sale might apply
Permits				
Residence permits	Required for all foreign nationals, except those from other EU/EEA Member States or Switzerland (including family members), who wish to reside in Belgium for a period exceeding three months (90 days). As from 1 January 2019 integrated in the Single Permit (combination of residence and work permit for the above mentioned foreign employees working more than 90 days in Belgium)	Required for all foreign nationals, except those from other EU/EEA Member States or Switzerland (including family members) who wish to reside in the Netherlands for a period exceeding three months (90 days)	Required for all foreign nationals, except those from other EU/EEA Member States or Switzerland (including family members) who wish to reside in Luxembourg	Required for all foreign nationals. EU/EEA nationals can apply for a residence permit if a valid employment contract is entered into. A residence permit will be issued depending on the duration of employment. Employment for less than 3 months does not require a residence permit (only notification)
Work permits	Required for all foreign nationals, except those from other EU/EEA Member States or Switzerland, who wish to perform (employment) activities in Belgium. Exceptions apply for certain professions Maximum 90 days: regular work permit/ More than 90 days: Single Permit (combination of residence and work permit)	Required for all foreign nationals, except those from other EU/EEA Member States or Switzerland who wish to perform (employment) activities in the Netherlands	Required for all foreign nationals, except those from other EU/EEA Member States or Switzerland who wish to perform (employment) activities in Luxembourg	Required for all foreign nationals, except for EU/EEA nationals, who only need a residence permit

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