The Belgian investment climate
Main tax features

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Main Tax Features

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Preamble

When you close your eyes and think of Belgium, world class chocolate and undoubtedly the best beer in the world almost certainly come to mind. A country where white clouds and bowler hats are also in the paintings and where quality of life is served with a twinkle of humour. Typical Belgian sceneries like this attract vast numbers of visitors. Among them international investors, although they will probably be more interested in another attraction: the Belgian investment climate.

This booklet is meant for investors and their advisers. To inform them about the main features of the investment climate in Belgium – what makes an investment in Belgium worthwhile? We do so in general, by setting out the main benefits of operating your business from Belgium. And, being a firm of lawyers and tax advisers, we specifically focus on the main tax aspects of investing in Belgium. Not by giving a (theoretical) overview of Belgian tax law, but by explaining in practical terms what other investors have done. In other words, we describe Belgian tax in its applied form – how it works in action. Having read this booklet, also gives you sufficient background to help you talk with confidence to Belgian tax counsel (presumably, Loyens & Loeff).

Our home markets are in the Netherlands, Belgium, Luxembourg and Switzerland. Which is why we have similar publications for our other home markets, the Netherlands, Luxembourg and Switzerland. We present each country without a bias for one particular country. If you want to compare specific countries, we recommend you get them. That allows you to take an informed decision on which country best fits your business and market.

If you are interested in these other publications, please reach out to your regular contact within Loyens & Loeff or send an email to communication@loyensloeff.com. Alternatively, you can visit our website (www.loyensloeff.com), where all publications are readily available.

Enjoy the read!

Willem Jarigsma
Managing Partner, Loyens & Loeff

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Introduction

Belgium's geographical location, multicultural population and history account for the country's truly international character. At the crossroads of Europe, international trade and investment play a pivotal role in Belgium's economy, which has always been underpinned by a favourable legal system. The Belgian government has historically supported liberal policies aimed at fostering foreign direct investment while remaining consistent with OECD investment codes.

Belgium has fully embraced the modernity and responsibilities of the 21st century and offers a highly competitive business and investment climate. Among the factors that contribute to its attractive business climate are:

- a highly developed transportation, logistics and telecommunications infrastructure;
- a business community which specialises in the supply of intermediate and semi-finished goods;
- its excellent standard of living;
- its population known for strong productivity, loyalty, openness and language skills;
- its quality of workforce;
- its stable financial prospects within the Eurozone.

Last but not least, Belgium has created a fiscal climate that successfully accommodates its commitment to European fiscal policies and the active encouragement of inward investment through breaks and incentives.

This booklet forms part of a Loyens & Loeff series which also focusses on our other home markets, namely the Netherlands, Luxembourg and Switzerland. This edition provides a snapshot of the main tax features that are the mainstay of Belgium's attractive investment climate. Each feature is touched upon by way of a summary, giving an easily accessed overview.

Before focussing on the main compelling Belgian tax features, the first chapter (*Doing Business in Belgium*) addresses the crucial non-tax related features of doing business in Belgium which define the attributes that make it such an attractive location for investment from other countries.

Doing Business in Belgium

1 Strategic geographic location

Nestled between Germany, France, the Netherlands, and Luxembourg and so close to the United Kingdom, Belgium's geographic position – at the heart of the wealthiest and most densely populated area of Europe – is ideal and brings many benefits.

Thanks to its central location, Belgium is a main gateway for exports to Europe and enjoys phenomenal access to Europe's key markets and suppliers. Within a radius of 480km lie the cities of London, Paris, Amsterdam and Frankfurt, to name but a few. Within the same radius live and work 140 million EU consumers, representing 60% of Europe's purchasing power.

Its strategic location has made Belgium an international hub for economic and political institutions. Brussels hosts the headquarters of the European Union and NATO, and, as a result, has become home to a major community of European politicians and civil servants, as well as international lobbyists.

2 Access to European decision makers

As one of the six founding members of the European Union, Belgium is known for its proactive and pro-European stance. The strong presence in Brussels of representatives from other countries at the headquarters of the European Union and NATO has not only had an impact on cultural tastes, but has also given international lobbyists unprecedented access to many European politicians and civil servants.

With about 120 international government organisations, 181 embassies, over 5,000 diplomats and more than 1,000 lobby groups, Brussels has become a major player in the diplomatic and political world, hosting more international organisations than Washington DC. Next to New York, Brussels has the world's largest permanent international presence.

The combination of this substantial international presence in Belgium's capital, and its central location in the wealthiest region in Europe, has made it the number one city in Europe for conferences and international symposiums.

3 Open economy

According to the World Bank and the World Trade Organization (WTO), Belgian exports of goods and services amount to more than 85% of the national GDP, and Belgium is ranked as the 18th largest exporting country in the world.

Thanks to its strategic location and its visibility on the international scene, Belgium has become a flourishing marketplace, attracting numerous headquarters of multinationals and major global players, and it is of course fully integrated with the globalised world.

According to the KOF Globalisation Index, which measures the economic, social and political dimensions of the globalisation of nation states, Belgium is the third most globalised country in the world after Ireland and the Netherlands.

4 Logistical springboard

Belgium enjoys impressive infrastructures and an excellent distribution network. It has one of the densest rail networks in the world, carrying 188 million passengers and over 62 million tonnes of freight each year.

It also has one of the best road networks in Europe, thanks to seven international motorways with a combined length of 1,763km, 12,585 of regional roads and 1,349km of provincial roads.

Belgian infrastructures also include a number of large ports that are major intersections for global freight transport, including the port of Antwerp, which is the second largest seaport in Europe and Europe’s largest container port for US-EU trade; as well as the port of Liège, which is the third largest European river port. The extensive inland waterway network, based on Belgium’s major rivers and their adjoining tributaries and canals, connects the major Belgian seaports with other European inland waterways.

Belgium also operates five international airports: Brussels, Liège-Bierset, Charleroi Brussels South, Antwerp and Ostend airport. Furthermore, airports in France and the Netherlands are within easy reach.

5 Quality of the workforce

According to international reports from organisations such as the International Labour Organisation (ILO) and the Organisation for Economic Co-operation and Development (OECD), the Belgian workforce has one of the highest productivity levels in the world. Key factors contributing to this are the quality of its educational system and the widespread ability of its people (at one of Europe's most important crossroads), to speak several languages (Dutch, French, English and German). The Belgian workforce is also known for its flexibility, innovative and solution-minded approach, as well as it eagerness to learn. Social dialogue is constructive and enhances a positive business climate.

6 Attractive and affordable real estate prices

Belgian cities offer cheaper real estate than neighbouring European cities, and the capital, Brussels, is significantly less expensive than other international centres such as Paris, London or Frankfurt. According to the Global Occupancy Cost Survey 2013 from Cushman & Wakefield, there is no other business city in Western Europe that offers such affordable office space than Brussels.

7 Quality of life

Belgium is reputed for its quality of life. Its major assets lie in household living space, an advanced healthcare system, social services, green areas and education. Belgium is also a country with longstanding cultural traditions and numerous world-class festivals and cultural events, and it is renowned for its cuisine, with more multiple-star restaurants per square kilometre than anywhere else in Europe.

Tax feature 1: Holding regime

Companies with holding activities in Belgium can benefit from a favourable regime with respect to dividends received and capital gains realised. Combined with the extensive tax-treaty network, Belgium has been tried and tested as an internationally accepted and widely used jurisdiction to establish holding companies.

Introduction

Belgium is one of the preferred European jurisdictions for holding activities. A friendly (corporate) tax climate has been an important factor in obtaining and preserving this position. The participation exemption provides for a virtual exemption for income from qualifying subsidiary companies – i.e. dividends received (95% exemption) and capital gains realised on the transfer of shares (quasi 100% exemption, even for portfolio investments). Furthermore, costs relating to the acquisition of shares (e.g. interest) are, in principle, tax deductible. Aside from establishing a pure holding company in Belgium, it could, therefore, also be beneficial to establish a mixed holding company, as the taxable profits originating from the commercial activities can then be reduced by expenses relating to the acquisition of shares. Also, contributions to the share capital of a Belgian company are, in principle, only subject to a flat fee of €50.

1 Dividends received by a Belgian company

Dividends received by a Belgian company are, under certain conditions, eligible for a 95% exemption. The remaining 5%, which is in principle subject to the standard corporate income tax (CIT) at the rate of 33.99%, can, however, be compensated by other costs incurred by the company. The exemption regime is subject to the following conditions:

i. The participation amounts to at least 10% of the distributing company's nominal share capital or, alternatively, has a historic acquisition price of at least €2.5 million;
ii. At the time of the dividend distribution, the holding company has held (or commits itself to do so) the participation in full ownership for at least 12 months;
iii. The subsidiary meets the subject-to-tax requirement. In the Belgian Income Tax Code, this condition is defined in a negative sense by setting out six exclusions.

Dividends do not qualify for the participation exemption if distributed by a company which:

- is not subject to Belgian CIT or to a foreign tax of similar nature or which is established in a country the normal tax regime of which is substantially more advantageous than the standard Belgian tax regime. Note that a tax regime is deemed to be “substantially more advantageous” than the Belgian tax regime if the standard nominal corporate income tax rate is lower than 15%, or if the standard effective tax burden is lower than 15%. The tax regimes of all EU countries are, however, deemed not to be substantially more advantageous than that of Belgium, irrespective of their nominal or effective tax rate;
- is recognised as a Belgian regulated real-estate company or as a foreign REIT;
- qualifies as a finance company, a treasury company, or an investment company which benefits from a special tax regime in the country where it is resident for tax purposes;
- receives foreign-source income, other than dividends, which is subject in the country where it is tax resident to a special tax regime;
- realises profits through one or more foreign branches that are in total subject to a tax assessment regime substantially more advantageous than in Belgium. This exclusion does not apply if both the company and its foreign branch are established within the EU;
- receives dividend income derived from contaminated participations. For this purpose, dividend income from contaminated participations refers to dividends of which, if distributed directly to the Belgian company, at least 10% would have been excluded under one of the rules set out above.

This last exclusion has an important consequence as not only the first-tier subsidiary of the Belgian company must meet the conditions enumerated above, but also any company in which this first-tier company holds shares directly or indirectly (irrespective of whether it is a majority or minority stake).

2 Capital gains/losses on shares realised by a Belgian company

Capital gains on shares realised by a Belgian taxpayer are only subject to a separate tax at the rate of 0.412% if (i) the aforementioned subject-to-tax requirement, and (ii) a minimum holding period of 12 months are met. The 0.412% taxation is a minimum taxation; no tax deductions can be applied against the amount of the capital gain. This tax does not apply to small and medium-sized enterprises (SMEs) (in such a case capital gains are fully tax exempt).

If qualifying shares are sold before the 12-month holding period has elapsed, the capital gain is taxed at a separate rate of 25.75%.

Capital losses on shares are, in principle, not tax deductible. However, the loss incurred in connection with the liquidation of a subsidiary remains deductible up to the loss of the paid-up share capital of that subsidiary represented by the shares concerned.

3 Dividends distributed by a Belgian company

Dividend distributions are, generally, subject to a withholding tax of 25% (or a lower tax-treaty rate). Based on the EU Parent-Subsidiary Directive, Belgium, however, provides for an exemption from withholding tax on dividends paid by a qualifying Belgian subsidiary to its qualifying EU parent company. This exemption applies provided that the parent company holds at least 10% of the share capital of the Belgian subsidiary uninterruptedly for at least one year. This exemption also applies, under certain conditions, if, at the time the dividend is paid or attributed, the minimum 12-month holding period has not yet expired.

Belgium has extended this exemption regime from the EU to almost all countries with which Belgium has concluded a tax treaty.

A company that is not considered an SME can be subject to a fairness tax on its distributed dividends. The fairness tax is a separate assessment at a rate of 5.15%. The tax is only applicable if, in a given taxable period, dividends are distributed by the company, and (part or all) of the taxable profit is offset against notional interest deduction and/or carry-forward tax losses. Specific conditions apply. For holding companies, the impact of this tax is generally limited.

Liquidation distributions are subject to a withholding tax of 25%. Payments to qualifying EU parent companies or to qualifying companies resident in a tax-treaty country will generally be exempt (see above). Furthermore, for SMEs, the liquidation bonus is not subject to withholding tax to the extent it is distributed out of a liquidation reserve (taxed at 10% upon constitution of the liquidation reserve).

4 Interest payments made by a Belgian company

All expenses relating to the acquisition of shares, including interest and other financial charges incurred for the financing of such acquisitions, are, as a rule, fully deductible, regardless of whether the acquisition relates to domestic or foreign shares. The deduction can be claimed against all sources of income of the corporate taxpayer. However, interest paid by a Belgian company is not deductible in the following cases:

i. the interest rate applied is not at arm's length;
ii. the interest is paid to an off-shore entity and does not constitute a fair consideration for a genuine and legitimate transaction; or
iii. one of the Belgian thin-capitalisation rules is applicable. The main rule consists of a 5/1 debt-equity ratio for group financing.

Interest paid by a Belgian company will, in principle, trigger withholding tax at the rate of 25% (or at a lower tax-treaty rate). Many exemptions exist. For instance, in the case of a loan granted by a credit institution located in the EEA or in a treaty country, in the case of a Belgian-registered bond, and in the case of a loan granted by an affiliated EU company under conditions.

Tax feature 2: Notional interest deduction regime

Belgian tax law provides the notional interest deduction regime. The purpose is to encourage Belgian companies to strengthen their equity positions and to reinforce the attraction of Belgium as a location for treasury and finance centres, capital intensive companies and headquarters. The notional interest deduction is one of the main reasons that in many cases the effective tax rate of companies in Belgium is considerably lower than the nominal corporate income tax rate of 33.99%.

1 Introduction

By virtue of the notional interest deduction (NID) regime, all companies subject to Belgian corporate income tax, and all non-Belgian companies with either a Belgian establishment or immovable property located in Belgium (and/or related rights), are entitled to reduce their tax base by annually calculating a fictitious interest expense on the aggregate amount of their equity. Due to this regime, Belgium is often used as a location for group financing activities – the Belgian treasury or finance center is mainly financed by equity and grants loans to various group companies.

2 Notional interest deduction application

The NID is calculated by multiplying the equity by a fixed percentage, determined by the government on the basis of the average of the monthly reference indices of the interest rate on 10-year linear government bonds in the third quarter of the second year preceding the assessment year. For 2015, the rate is 1.63%. The rate for SMEs is 2.13%.

The deduction is based on the amount of a company's aggregate equity as determined under Belgian generally accepted accounting principles (GAAP) and comprises the share capital and share premium, the retained earnings and carry-forward losses, the revaluation surpluses and capital subsidies.

The defined aggregate amount of equity must be determined by reference to the company's equity position at the end of the preceding financial year.

Once the base amount has been determined, the following items (among others) must be deducted:

a. the net fiscal value of own shares;
b. the net fiscal value of shares held as financial fixed assets;
c. the net fiscal value of shares, the income of which qualifies under the participation exemption;
d. the book value of assets when expenses related thereto exceed reasonable business needs and assets held as an investment when these items do not normally produce taxable recurrent income;
e. the net fiscal value of immovable property used as personal dwelling by directors of the company and/or their family;
f. revaluation reserves and capital subsidies.

The amounts involved are determined by reference to the company's position at the end of the preceding financial year.

Any subsequent changes in the base amount or the items for its adjustment must be taken into account on the basis of a weighted average. For calculation purposes, these changes are deemed to have taken place on the first day of the calendar month following the month during which they occurred.

3 Reduction of NID in case of real estate or permanent establishment outside of Belgium

When the company claiming the NID has real estate or permanent establishments located abroad, the calculated NID to be deducted in Belgium must be reduced with the lower amount of:

- the NID portion relating to the net accounting value of the assets connected to the real estate or the permanent establishment;
- (only for real estate or permanent establishments within the EEA) the positive result of the relevant real estate or permanent establishment determined in accordance with the Belgian income tax code.

4 Carry forward of old stock of NID

As of 1 January 2012, the excess of notional interest deduction cannot be carried forward. The carrying forward of the existing stock of notional interest deduction on 31 December 2011 is still possible but is subject to certain limitations. Up to a taxable income of €1 million, the amounts carried forward may be offset without restriction. If the taxable income exceeds €1 million, only 60% of the excess may be offset. The amount of NID stock not deducted due to the latter restriction may be carried forward indefinitely.

Tax feature 3: Intellectual property incentives

Belgian domestic legislation provides for a full range of research and development (R&D) tax incentives to encourage multinational enterprises (MNEs) to outsource R&D activities to Belgium or to locate the ownership of intellectual property (IP) in Belgium while part of the R&D activities are outsourced. As a result, Belgium is an attractive location for R&D centres owning IP as well as for contract R&D centres.

1. Patent income deduction (PID)

The PID reduces the effective tax burden on patent-related income to a maximum of 6.8%, instead of the statutory rate of 33.99%. It allows Belgian resident companies to deduct 80% of their patent income from their taxable base. The PID is, thus, a significant incentive both for small companies and large multinationals operating in sectors that rely on patented intellectual property (for example, pharmaceuticals, biotech, chemicals, technology, industrial equipment, automotive sector and aerospace). The regime is automatically applicable and does not require a special ruling or election.

Eligible taxpayers
Eligible taxpayers are Belgian resident companies subject to corporate income tax and Belgian establishments of non-resident companies, but only in respect of patent income allocated to those establishments.

Qualifying IP
The PID applies to patents and supplementary protection certificates. The PID does not apply to other intellectual property rights such as brands, copyrights, designs and know-how. “Patent” refers to the right to temporarily exclude others from using an invention. Foreign patents are considered equally.

Qualifying patent types
The PID applies to two types of patents:

- *Self-developed patents*: These are patents that have been totally or partially developed by a qualifying taxpayer in an R&D centre located in Belgium or abroad.

- *Acquired patents and patent licenses*: These are patents that have been acquired by a qualifying taxpayer, definitively or under a temporary license agreement, from another (related or unrelated) party, provided that the Belgian taxpayer has improved the patent in an R&D centre located in Belgium or abroad (a new patent is not required, but added value must be demonstrated). In such a case, the method of acquiring the patent right is not relevant (e.g. contribution, license, purchase). As of tax year 2014, this improvement condition does not apply anymore to SMEs.

R&D centre requirement

The patent must be partially or totally developed or improved by a research centre (in Belgium or abroad) which constitutes a business department or branch of activities of the company. Patents acquired from or licensed by third parties have to be further developed in a (Belgian or foreign) research centre (these improvements must lead to added value but not necessarily to additional patents). By referring to patents “totally or partially” developed, the law suggests that the PID is also available when patents are co-developed by the company and another party (whether related or not). The law does not preclude the R&D centre from outsourcing some R&D work to independent researchers. In such cases, however, the R&D centre must participate significantly in development, at least by supervising the researchers’ activities. This “research centre” requirement does not apply to SMEs.

Qualifying income

Two categories of income can benefit from PID:

- *Licence income*, whether this income consists of periodical fees, fixed or variable fees or upfront fees. In case of license income deriving from intellectual property rights other than patents, or from the reimbursement of, or a participation in, R&D expenses, such income will be deducted from the qualifying license income and only part of the license income stemming from the patent will be considered in determining the tax deduction;
- *Patent remuneration embedded in the sales price.* This notional patent income corresponds to the arm’s length fee that would have been paid to the taxpayer if it had granted a license on the patents used for the production of the goods (or the rendering of the services) to an unrelated company. Determining the license income out of the total payment may not be so easy. Therefore, a proper transfer pricing study is recommended to support application of the PID.

Calculation

The PID is a deduction of 80% of the qualifying patent income from the taxable basis. The patent income earned by a company on patents acquired from or licensed by another party (related or not) must be reduced by:

- the depreciation taken by the company on the investment (or acquisition) value of the acquired patents, to the extent that such depreciation is deductible from the taxable income over the same period; and/or
- the payments by the company for patented licences to the extent that such payments are deductible from the taxable income over the same period. This does not apply to self-developed patents. R&D expenses associated with such patents must not be deducted from the base for the patent deduction, irrespective of whether the R&D expenses were activated (and afterwards depreciated) or expanded in the P&L.

No PID carry forward

The 80% deduction of patent income is applied after the dividend participation exemption but before the deductions that can be carried forward. Where there is insufficient profit, all or part of the patent deduction remaining unused cannot be carried forward.

2 Other R&D incentives

Apart from the patent income deduction, Belgian tax law provides a number of other tax incentives aimed at attracting research and development business, through providing tax cuts on scientific personnel wages, tax credits for foreign royalty income and increased investment deductions.

Increased R&D investment deduction/tax credit

For acquired or self-developed patents and fixed assets that tend to promote R&D of new products and advanced environment-friendly technologies, a one-time investment deduction of 13.5% of the investment cost or a spread investment deduction of 20.5% on the depreciation amount can be claimed. Alternatively, the taxpayer can opt for a tax credit equal to the tax saving linked with the investment deduction (i.e. tax rate of 33.99% x 13.5% or x 20.5%). Certain formalities need to be fulfilled.

Wage tax remittance exemption

Certain taxpayers that employ scientific researchers engaged in R&D programmes benefit from an exemption of 80% of the wage withholding tax on the salary of those researchers. While the employers still withhold 100% of the wage withholding tax, 80% should not be remitted to treasury.

Expat status for foreign executives and researchers

Expat status is available for foreign executives and researchers temporarily assigned to Belgium which provides for a reduction of employment costs.

Foreign tax credit on royalty income

A foreign tax credit equal to 15/85 of the net royalty income received, irrespective of the actual withholding tax levied abroad, is available.

3 Withholding tax on royalties

Royalties paid by a Belgian company trigger Belgian withholding tax at the rate of 25%. However, royalty payments to an EU-associated company are generally exempt. In addition, most tax treaties concluded by Belgium fully exempt royalties from this withholding tax. In order to qualify for exemption, in some cases certificates issued by the receiving company must be filed with the withholding tax return. Such certificates must be issued before the royalty attribution.

Tax feature 4: Tax-treaty network

As the Belgian economy is an open and internationally-oriented economy, it has always been one of the objectives of the Belgian government to remove any obstacles that could hinder the international flow of goods and capital.

Overview of treaties

With this in mind, Belgium has concluded a significant number of bilateral tax treaties for the avoidance of double taxation with respect to taxes on income. Currently, the Belgian tax-treaty network includes tax treaties with the following countries:

Albania, Algeria, United Arab Emirates, Argentina, Armenia, Australia, Austria, Azerbaijan, Bangladesh, Belarus (White Russia), Brazil, Bulgaria, Canada, Chile, China, Croatia, Czech Republic, Cyprus, Democratic Republic of Congo, Denmark, Ecuador, Egypt, Estonia, Finland, France, Gabon, Ghana, Georgia, Germany, Greece, Great Britain, Hong Kong, Hungary, Iceland, Ireland, India, Indonesia, Israel, Italy, Ivory Coast, Japan, Kazakhstan, Kuwait, Korea, Kosovo, Latvia, Lithuania, Luxembourg, Mauritius, Malaysia, Malta, Mexico, Mongolia, Montenegro, Morocco, the Netherlands, New Zealand, Nigeria, Norway, Pakistan, the Philippines, Poland, Portugal, Romania, Rwanda, the Russian Federation, San Marino, Senegal, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sri Lanka, Sweden, Switzerland, Taiwan, Thailand, Tunisia, Turkey, the United States of America, Ukraine, Uzbekistan, Venezuela, Vietnam. In addition, the treaty with the Soviet Union continues to apply to the following former member states of the Soviet Union: Kyrgyzstan, Moldavia, Tajikistan and Turkmenistan. Finally, the treaty with Yugoslavia continues to apply to Bosnia-Herzegovina, Macedonia, and Serbia.

Several other tax treaties have been signed but have not yet entered into force. This extensive tax-treaty network offers important tax planning opportunities. By way of example, reference is made to the tax treaties with Hong Kong and with the United States.

Belgium was one of the first countries in the world to conclude a tax treaty with Hong Kong. One of the important features of this tax treaty is that it provides for a zero dividend withholding tax rate under certain circumstances. This feature of the tax treaty has already encouraged many investors to invest through Belgium.

On 27 November 2006, the United States and Belgium signed a new tax treaty. An important difference with the previous tax treaty lies in the fact that the new treaty provides, subject to certain conditions, full exemption from withholding tax on dividend distributions and interest payments. This feature of the new treaty can be an important consideration for US investments in Europe.

Tax feature 5: Rulings

With the increasing importance of upfront legal certainty for existing and potential investors, Belgian tax legislation provides economic players with a generally applicable advance ruling practice. Belgian taxpayers can apply for an advance decision on the application of direct or indirect tax laws to a particular situation or transaction and obtain legal certainty in advance. The Belgian tax authorities are bound by the ruling.

The Ruling Commission generally has a cooperative attitude towards the taxpayer. The Belgian ruling process is predictable, standardised, transparent and free of charge.

1 Ruling Commission

The Ruling Commission is a dedicated central and autonomous service within the Federal Ministry of Finance, independent of the tax administration. Almost 100 dedicated tax personnel are employed within the Commission. The board of the Commission has six members, including a chairman.

2 The Ruling process

A taxpayer may apply for a ruling with respect to any tax issue. The introduction of a ruling request is, however, not possible in the following cases:

(i) the ruling request concerns transactions which are the subject of litigation;
(ii) the ruling request concerns the application of an Act regarding the collection of taxes;
(iii) the transaction envisaged does not have economic substance in Belgium; or
(iv) the essential aspects of the transaction envisaged relate to a tax haven which does not co-operate with the OECD.

In theory, a ruling request must be filed before the transaction is implemented. In other words, the envisaged transaction may only take place once the taxpayer has obtained the advance ruling. However, under certain conditions, ruling requests can remain valid as long as only preparatory transactions have already taken place (i.e. a ruling is possible as long as the transaction has not become definitive). In practice, this condition is quite flexibly interpreted by the tax administration.

A preliminary request can be filed with the Ruling Commission to receive confirmation that the Ruling Commission would be willing to grant a ruling on the specific transaction or situation, and to discuss the level of detail that should be included in the formal ruling request. This pre-filing procedure can be done on an anonymous basis.

In general, the tax administration must decide on the ruling request within three months of its filing. This period can, however, be varied by mutual agreement. In practice, the actual term is determined on a case-by-case basis within 15 days of the filing of the request.

If a negative ruling is issued, the taxpayer can, in theory, file an appeal with the Council of State. A negative ruling does not prevent a taxpayer from implementing the structure or transaction, but a copy of the ruling issued is sent to the competent tax inspector. The taxpayer has the choice to withdraw the request so that no negative ruling is formally issued.

3 Duration and validity

A ruling is usually valid for a maximum of five years; although a longer period can be granted if it can be justified by the taxpayer. A ruling can also be renewed. The Belgian tax administration will not be bound by the ruling if:

(i) the conditions of the ruling have not been fulfilled;
(ii) the envisaged transaction was not accurately described in the ruling request;
(iii) essential elements of the envisaged transaction were not implemented in the way described by the taxpayer;
(iv) the applicable statutory provisions have changed;
(v) the ruling violates the tax treaties or domestic/European laws; or
(vi) the main consequences of the transactions have been altered by one or more related or subsequent elements which can, directly or indirectly, be attributed to the taxpayer.

Tax feature 6: Start-ups and crowdfunding

Given the growing number and the importance of start-up companies and crowdfunding initiatives, the Belgian federal government has introduced numerous tax incentives to attract such initiatives.

1 Start-ups

Tax shelter for start-ups

Individuals benefit from an income tax reduction of 45% on the amount invested in new shares issued by a start-up (micro-company) and held for a period of at least four years. The tax reduction is partially recaptured in cases where the shares are alienated within this four-year period.

When the investment is made in a start-up qualifying as a small company (but not as a micro company), the same rules apply except that the income tax reduction is limited to 30%.

The tax reduction is neither transferable nor refundable. Company directors, whether working as an individual or through a management company in the start-up, are not entitled to this tax reduction.

Wage tax remittance exemption

A partial wage tax remittance exemption is introduced for start-ups. For small companies this remittance exemption amounts to 10%. For micro-companies an increased exemption of 20% applies. Individuals/independents who meet the requirements for micro-entities or small companies are also able to benefit from such remittance exemption. The measure entered into force as of 1 July 2015 and is also available to existing companies, provided they were incorporated less than four years ago. It is possible to combine this exemption with other wage tax remittance exemptions.

2 Crowdfunding

The aforementioned tax shelter for start-ups also applies to qualifying investments raised through a regulated crowdfunding platform. In addition, the government introduced an exemption from withholding tax on interest paid or attributed to new interest-bearing loans (for a maximum amount of €15,000 over a four-year period), granted as of 1 July 2015 by individuals to start-ups through a regulated crowdfunding platform. A small company qualifies as a start-up as long as it was incorporated less than four years ago. The loan needs to have a minimum duration of four years.

Tax feature 7: Stock option regime

Belgium has a favourable tax regime for stock options, designed to stimulate the granting of stock options to employees and company directors.

1 Tax aspects

Definition of stock options

A stock option is defined as “the right to purchase, during a fixed period, a fixed amount of shares, at a fixed price”.

Options can be granted by Belgian or foreign companies and can relate to new (i.e. unissued) or existing shares. Additionally, they are not restricted to the shares of the company granting the options, the company for which the beneficiaries work or any related company.

Taxable moment

The benefit resulting from stock options granted in the context of a professional relationship is taxable at the moment of attribution, irrespective of whether the options are conditional or not.

By definition, an option is deemed to be “granted” on the sixtieth day following the date of offer, even if the right to exercise the option is conditional, provided that the beneficiary has accepted the offer, in writing, within the sixty-day period.

If written acceptance is given after the sixtieth day, the Belgian Minister of Finance will consider that the stock options no longer fall within the scope of the Act of 26 March 1999 and are, therefore, taxable at the date of exercise, as a purchase of shares at a reduced price.

If the offered stock options are not accepted at all, there is no benefit arising from the offer.

Taxable benefit

If a beneficiary validly accepts the offer within sixty days of the offer date, the amount of the taxable benefit will depend on whether the option is quoted on a stock exchange. If the option is quoted, the taxable benefit is calculated on the basis of its closing price on the day immediately preceding the offer date.

If the option is not quoted, the taxable benefit is calculated as follows:

- Standard rate: 18% of the value of the underlying share (multiplied by the number of option rights granted to each beneficiary). For options which expire more than five years after the date of offer, an additional 1% per year, or part of a year, is added.
- Reduced rate: the above percentages can be reduced by half if certain conditions are met:
    - the option is not exercisable for the first three calendar years after the calendar year in which it was granted or after the tenth calendar year from the year of grant;
    - the exercise price is definitively fixed at the moment of grant;
    - the option is not transferable (except upon the death of the option holder);
    - the option holder is not compensated (either directly or indirectly by the granting company or by an affiliated company) for any loss or lack of gain on the exercise of the option; and
    - the option relates to shares of the company employing the beneficiary or any (grand)parent company of that company.

The taxable benefit is taxed at progressive tax rates (ranging from 25% to 50%) to which local authority (communal) taxes are added (average percentage of 7%).

Options "in the money" or certain benefit
An option is said to be "in the money" if its exercise price is less than the market value of the underlying share at the date it is granted (the difference between the exercise price and market value being the discount). If an option is in the money, the taxable benefit, calculated using the formula indicated above, will be increased by the amount of the discount.

If the option plan or contract contains provisions guaranteeing a certain benefit to the option holder (for example, through a put option) the value of that benefit will also constitute taxable income.

Subsequent sale of the shares
In principle, Belgium does not tax capital gains realised by private individuals on the sale of shares if the sale comes within the scope of the normal management of private wealth.

Salary forms

Belgian companies are required to withhold taxes and report the taxable benefit on the beneficiary's salary slip and annual tax form relating to the tax year in which the moment of attribution falls. The same tax-reporting obligation applies to Belgian-group companies whose employees receive stock options from a foreign-group company.

2 Social security aspects

Stock options granted to employees

Under the Royal Decree of October 5 1999, taxable benefits derived from stock options granted to employees are generally exempt from Belgian social-security charges. Social security will nevertheless be due if:

- the option is in the money (the amount of the discount will be subject to social security contributions); and
- the terms of the plan/contract guarantee certain benefits to the beneficiary (the value of the benefits will be subject to social-security contributions).

Stock options granted to non-employees

Stock options granted to self-employed directors will trigger (self-employed scale) social-security contributions unless their other income equals or exceeds the ceiling, up until which self-employed social-security contributions are due.

Tax feature 8: Expat regime

Belgium has an attractive special tax regime for foreign executives and specialists temporarily employed in Belgium, as set out in the tax letter of August 8 1983. Under this special tax regime, expatriates who meet certain conditions can benefit from a reduction of Belgian income tax and social-security contributions.

1 Conditions

The conditions that must be met by both the expatriate employee and the employer are as follows:

- The expatriate must be a non-Belgian national and citizen. This means that not only the expatriate has no Belgian nationality, but that he or she may not have been previously considered a Belgian tax resident.

- The expatriate must be an executive or an employee with specialist skills that are difficult to find on the Belgian labour market.

- The expatriate must have been either directly recruited abroad by a Belgian company or temporarily assigned from abroad to a Belgian entity that is part of an international group of companies. To be "international", the group must have a formal/fiscal presence in at least one country other than Belgium.

- The expatriate must maintain his/her centre of personal and economic interests outside of Belgium. As evidence of this, the expatriate may point to several indicators. Although none of the criteria listed below is, on its own, sufficient to prove the expatriate's non-residency, when considered together, they will determine whether an applicant qualifies as a (fictitious) non-resident or not:

  - spouse/partner and/or children reside in the home country;
  - ownership of real estate in the home country;
  - holding and managing personal investments in the home country (for example, bank and saving accounts, credit cards, life assurance, etc.);
  - participating in the home country's (employer's) pension plan;
  - continuity of cover under the home country's social security scheme;
  - the possibility of being (re-)assigned to another group company outside Belgium;
  - the expatriate must be temporarily assigned to Belgium.

2 Application and duration

To be eligible for this special tax regime, the expatriate must file, jointly with his/her (Belgian) employer, an application to the Director of Foreign Taxes within six months following the month in which the expatriate started his/her assignment in Belgium. If this deadline is not met, the special tax regime can still be obtained but will only take effect as of 1 January of the year following the filing of the application. It is still a requirement that the individual should not yet have been assessed as a Belgian tax resident.

3 Employment income

The special tax regime can be applied to employment income, paid or provided by the employer. Employment income includes salary, bonuses and other cash payments, as well as benefits in kind, such as a company car, stock options and housing allowance. However, “income from past employment”, such as severance payments and income paid during garden leave, are excluded.

4 Tax benefits

Belgian (fictitious) non-resident tax status
The epatriate benefiting from the special tax status although living in Belgium with his family will be deemed to be a non-resident for income tax purposes and will, therefore, only be taxed on his personal and professional Belgian source income.

Capped tax-free allowances
Tax-free allowances are exempted from taxation as they qualify (for Belgian income tax purposes) as what is known as “employers’ own costs”. These tax-free allowances are exempt from income tax up to a limit of either €11,250 or €29,750 per annum. The higher cap only applies if (1) the employer’s activity is exclusively that of coordination and control, or the employer qualifies as a research and development centre and (2) the employee performs an activity of the same nature.

The tax-free allowances, subject to these caps, include:

- Cost of living allowance: for the difference in cost of living between Belgium and the home country;
- A housing allowance: for the difference in housing costs between Belgium and the home country;
- A tax-equalization allowance: this relates to the difference in the tax burden between Belgium and the home country;
- A home-leave allowance: for the expatriate to visit, once a year, his or her family in his or her home country (amounting to an economy-class return fare, reimbursed to the expatriate, for the family to visit the home country each year);
- Foreign exchange losses (exchange rate);
- Storage costs.

Most of the above non-taxable allowances are calculated according to the guidelines issued by the Belgian tax authorities (referred to as the Technical Note) unless a separate company policy is approved by the Belgian tax authorities.

Uncapped tax-free allowances

In addition to these capped, tax-free allowances, the Belgian tax authorities also allow deduction of a tax-free reimbursement of (1) school fees and (2) inbound/outbound removal costs. The expatriate must be able to substantiate these costs with invoices. Regarding school fees, they must, in principle, relate to the expatriate's children attending primary or secondary full-time tuition in an international school.

Foreign travel exclusion

That part of the expatriate's salary that corresponds to business days worked abroad are exempt from taxes as well. This foreign-travel exemption is usually calculated on the basis of the number of days worked outside Belgium. Other methods may apply (such as dual payroll) but are subject to prior approval by the authorities and are less frequent. Please note that special rules apply to determine what qualifies as foreign business days.

Exemption from Belgian social-security contributions

Belgian social-security contributions are not due on the non-taxable, capped allowances. In addition, the foreign-travel exclusion, mentioned above, is also exempt from social-security contributions. The total social-security exemption on tax-free allowances, however, is capped at €29,750 per annum. School fees and inbound/outbound moving costs are also exempt from social-security contributions, under the same conditions that apply for their income-tax exemption.

5 Example

The following is an example of how the special tax regime works for an employee with an annual gross salary of €100,000. For simplicity, a 53.5% tax rate is applied.

	With expat status	Without expat status
Salary	€100,000.00	€100,000.00
Minus tax-free allowance (max.)	- €11,250.00	€0.00
Minus social security	- €11,600.00	- €13,070.00
Minus travel exclusion (10%)	- €7,715.00	€0.00
Taxable income	€69,435.00	€86,930.00
Minus taxes (53,5%)	- €37,148.00	- €46,508.00
Tax-free allowance	€11,250.00	€0.00
Travel exclusion	€7,715.00	€0.00
Net income	**€51,252.00**	**€40,422.00**

Tax feature 9: Capital gains on shares for individuals

An attractive aspect of Belgian tax law is that capital gains on shares realised by Belgian tax-resident individuals or by Belgian non-residents on shares of Belgian companies, outside a professional activity, are taxable only if a substantial shareholding (i.e. participation of 25% or more) is sold to a non-EEA company or if the capital gains are realised outside the normal management of an individual's private wealth. Hence, in most cases, capital gains on shares remain tax free if realised outside a professional activity. The only two cases in which such capital gains become taxable are discussed below in more detail.

On 23 July 2015, the federal government reached an agreement on the Budget 2015/2016, focussing on additional savings and a shift from tax on employment to other forms of income and taxation. One of the measures is the possible introduction of a capital-gains-speculation tax when reselling listed shares within six months.

1 Substantial participation

A separate rate of 16.5% applies to capital gains on shares forming a substantial participation in a Belgian company if sold to a company that is not a resident of an EEA country. A participation is deemed to be substantial if the taxpayer or his/her spouse, ascendants or descendants, family members to the second degree or the spouse's family members to the second degree, at the moment of sale or in one of the five preceding years has held directly or indirectly more than 25% of the rights in the company. The gain will also be taxable at the rate of 16.5% if the shares are sold to a non-EEA company within a period of 12 months from the first sale. Consequently, avoiding taxation under this heading is possible by selling to a Belgian or EU company and imposing the requirement that the shares may not be sold to a non-EEA company within a period of 12 months from the sale.

2 Other capital gains on shares

As stated above, capital gains on shares other than on substantial participations sold to non-EEA companies are only rarely taxed in Belgium.

If capital gains on shares are realised outside the normal management of an individual's private wealth, a separate rate of 33% applies.

Whether or not a transaction falls outside the normal management of an individual's private wealth is a factual discussion. Relevant criteria are, among others, whether an individual borrowed to acquire the shares, the period wherein the capital gain was realised, etc.

Tax feature 10: Competitive indirect tax regime

Belgium lies at the heart of Europe and is an industrial and urban area in Western Europe. Most of the main European institutions are located in Brussels, the capital of Belgium. Because of its geographical location and especially the port of Antwerp (the second largest seaport in Europe), Belgium is one of the most important hubs for international trade. It goes without saying that, as a consequence, an implementation of an efficient indirect tax system facilitating businesses in Belgium is essential.

1 Value added tax

General

Belgium has, like all the other EU member states, implemented the value added tax (VAT) system. VAT is levied at each stage in the chain of production and distribution of goods and services. The tax base is the total amount (exclusive of VAT) charged for the transaction, with certain exceptions. The tax is based on the VAT rate applicable to the goods or services.

VAT grouping

As of 1 April 2007, Belgium introduced the system of VAT grouping. No VAT will be charged between the members of a VAT group as they are considered as a single taxable person. This system opens interesting perspectives for VAT optimisation. Note: VAT grouping in Belgium is an optional scheme.

Exemptions

Several types of transactions are exempt from VAT in Belgium. An exemption means that no VAT should be charged on these transactions, and that for some of these transactions, the corresponding input VAT cannot be deducted. This is, for instance, the case for a lease of immovable property and for many financial services.

A VAT exemption allowing input VAT deduction applies to the supply of goods that are transported to another EU member state or outside the EU. Goods destined for another EU member state will be subject to VAT in the EU member state to which they are transported.

VAT rates

The standard VAT rate is 21%. A reduced rate of 6% applies to the supply, importation, and intra-community acquisition of goods and services listed in Table A of the Annex to Royal Decree No. 20 (vital goods and services such as foodstuffs, some real-estate services and medicines). A reduced rate of 12% applies to the goods and services listed in Table B of the same Annex, such as social housing and certain restaurant services.

VAT on imported goods

Goods are considered to be imported if they are dispatched or transported from countries outside the EU into the customs territory of the EU. The VAT rates on importations are the same as those applicable to domestic supplies of goods in Belgium.

VAT will be levied either in the same way as import duties or, after the appropriate authorisation has been granted, in accordance with a deferred payment system (ET 14,000 license). In the latter case, the import VAT is paid when the importer files his periodic VAT return, or is reported and immediately deducted in this periodic VAT return (if allowed), so that there is no pre-financing cost. As a result, the time of payment coincides with the business entitlement to deduct the input VAT.

The deferred payment system as well as other regimes, such as a VAT exemption for the import if the imported goods are subsequently shipped to another member state, enables companies to import goods in Belgium in a cash-flow neutral way.

Advance-rulings practice

Advance rulings can be obtained with the Belgian VAT authorities in case businesses wish to ask for such a ruling with regard to the transactions they envisage. Advance rulings in Belgium are, in principle, binding for a period of five years.

Belgium is also one of the pioneer countries of the new project of the European Commission for the Cross Border Rulings, which was only introduced on 1 June 2013. Businesses can submit a request for a Cross Border Ruling if they are planning cross-border transactions to one or more member states.

2 Customs

Import duties must be paid when goods are imported from a country outside the EU into the customs territory of the EU. No duties are levied on the import of goods from EU member states to Belgium or on the export of goods from Belgium to other EU member states. By making use of different bonded warehouse regimes and transit regimes, optimisation of the customs burden can be achieved. Import duties are generally paid by the importer making the customs declaration for import of the goods into the EU. The Belgian customs authorities are well known for their business-minded approach.

3 Transfer Tax

Transfer tax is due on the acquisition of real property at a rate of 10% or 12.5% of the acquisition price or fair market value. Mergers, demergers, transfers of branches of activity or universal transfers of assets are, as a rule, exempt from transfer tax to the extent certain conditions are met.

Annex – General overview of Belgian corporate income tax regime

Please find below a high-level general overview of certain aspects of the Belgian corporate-tax system. Although the following provides a quick general overview, it is by no means exhaustive.

1 Corporate income tax (CIT)

Companies and associations are subject to Belgian corporate income tax if they meet all three of the following criteria:

(i) they are validly incorporated and have a separate legal personality;
(ii) they carry out a business or are engaged in profit-making activities; and
(iii) they have their registered office, main establishment or place of management in Belgium.

Corporate income tax is levied at the rate of 33.99% on the total worldwide profit realised by a company, including distributed dividends. However, the effective tax rate is, in many cases, much lower than the nominal rate of 33.99% as a consequence of the notional interest deduction regime (see above).

In contrast to the Netherlands, for example, Belgium does not have the concept of a separate fiscal balance sheet. The taxable income of resident companies is, therefore, determined on the basis of the financial accounts and the accounting rules, unless the tax laws provide otherwise (such as for transfer pricing adjustments).

In general, all business expenses are tax deductible in so far as they are incurred to secure or preserve taxable income. However, special tax provisions limit the tax deductibility of certain items, such as fines, social benefits granted to employees, 31% of restaurant expenses, some regional taxes, up to 50% of car expenses (depending on the carbon-dioxide emission factor of the car), a 17% portion of the company car fringe benefit, granted non-at-arm's-length benefits, clothing costs, capital losses on shares and write-downs on shares. In addition, the corporate-income tax paid constitutes a non-deductible item.

The depreciation of setting-up costs, tangible and intangible assets constitute tax deductible items to the extent that they are necessary and correspond to a decline in value that actually occurred during the taxable period. Belgian tax law allows the use of both straight-line depreciation and declining-balance depreciation. However, the latter can, for example, only be used to certain assets and cannot be applied to intangible assets. Goodwill acquired from third parties may be depreciated (as a rule, over five years).

The taxable income of resident companies is determined on an individual basis. Belgian tax law does not provide for a system of tax consolidation.

Losses incurred by a Belgian company can be carried forward without limitation. They cannot, however, be carried back. Losses carried forward are definitively lost whenever there is a change in the control of a company, unless the change can be justified by legitimate financial or economic reasons. Losses carried forward can also be limited where there is a tax neutral reorganisation (merger, spin-off, etc.).

2 Dividend withholding tax

A dividend distribution made by a Belgian company will, in principle, trigger Belgian withholding tax at the rate of 25%. Under the tax treaties concluded by Belgium, this rate is generally reduced to 15% or less. Recent tax treaties even provide an exemption from dividend withholding tax.

On implementing the EU Parent-Subsidiary Directive, Belgium also provided for an exemption from withholding tax on dividends paid by a qualifying Belgian subsidiary to its qualifying EU parent company or to its Belgian parent company. This exemption applies only if the parent company holds at least 10% of the share capital of the Belgian subsidiary for an uninterrupted period of at least one year. This exemption also applies, under certain conditions, if, at the time the dividend is paid out or attributed, the minimum 12-month holding period has not yet expired. In such a case, however, the distributing company needs to provisionally withhold the dividend withholding tax (without a bank guarantee being required). As soon as the minimum holding period has expired, it can also distribute that part of the dividend withheld.

In order to qualify for exemption, in some cases certificates issued by the receiving company must be filed alongside the withholding tax return. Such certificates must be issued before the dividend payment or attribution.

As of 1 January 2007, Belgium extended this exemption regime from the EU to all countries with which Belgium has concluded a tax treaty. The same withholding tax exemption conditions on dividends are, therefore, extended to dividends paid to parent companies resident in countries which have a tax treaty with Belgium.

For this extended exemption regime to apply, the relevant tax treaty must provide an exchange-of-information clause and the parent company must be subject to corporate tax without benefiting from a special tax regime.

Upon liquidation of a Belgian company, the difference between the liquidation distributions and the paid-up capital (i.e. the liquidation bonus) is subject to a liquidation withholding tax of 25% (since 1 October 2014 – 10% before that date). Payments to qualifying EU parent companies or to qualifying companies resident in a tax-treaty country will, generally, be exempt (see above). Furthermore, for SMEs, the liquidation bonus is not subject to withholding tax to the extent it is distributed out of a liquidation reserve (taxed at less than 10% upon constitution of the liquidation reserve).

3 Withholding tax on interest / royalties

Interest paid by a Belgian company triggers Belgian withholding tax at the rate of 25%. However, this withholding tax can, in most cases, be easily avoided. If the company has, for example, borrowed from an EU-affiliated company, a Belgian bank or a bank located within the EEA or in a tax-treaty country, or has issued registered bonds to non-resident taxpayers, no Belgian withholding tax will be due on the basis of domestic exemptions. Furthermore, this rate is generally reduced to 10% (or less) under the Belgian tax treaties. Provided a number of conditions are met, interest payments are fully exempt from withholding tax under the tax treaties with, for example, the Netherlands, Luxembourg and Germany.

Royalties paid by a Belgian company trigger Belgian withholding tax at the rate of 25%. However, royalty payments to an EU-associated company are generally exempt. In addition, most tax treaties concluded by Belgium fully exempt royalties from this withholding tax.

In order to qualify for exemption, in some cases, certificates issued by the receiving company must be filed alongside the withholding tax return. Such certificates must be issued before the interest or royalty payment or attribution.

Abbreviations and Definitions

Belgian Income Tax Code	The Belgian Income Tax Code of 1992.
CIT	Belgian corporate income tax, levied at a general rate of 33.99%.
EEA	The European Economic Area, which consists of all 28 member states together with Norway, Liechtenstein and Iceland.
EU	The European Union, which currently comprises the following 28 member states: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom.
GAAP	Generally accepted accounting principles.
IP	Intellectual property.
Member state	A country belonging to the EU.
MNE	Multinational enterprises.
NID	Notional interest deduction.
OECD	The Organisation for Economic Co-operation and Development.
Parent Subsidiary (PS) Directive	EU Directive 90/435/EEC on the common system of taxation applicable in the case of parent companies and subsidiaries of different member states.

PID	The patent income deduction allowing for a deduction of 80% of patent-related income.
R&D	Research and development.
SME	Small and medium-sized enterprises. A company qualifies as an SME if, on a consolidated basis, no more than one of the following thresholds is exceeded for the two previous tax years, unless the average number of employees is more than 100: (i) average number of employees of 50; (ii) turnover (VAT excluded) of €7.3 million and (iii) balance sheet total of €3.65 million
Tax treaty	A treaty for the avoidance of double taxation with respect to taxes on income and on capital concluded between Belgium and another state.
VAT	Value added tax.

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