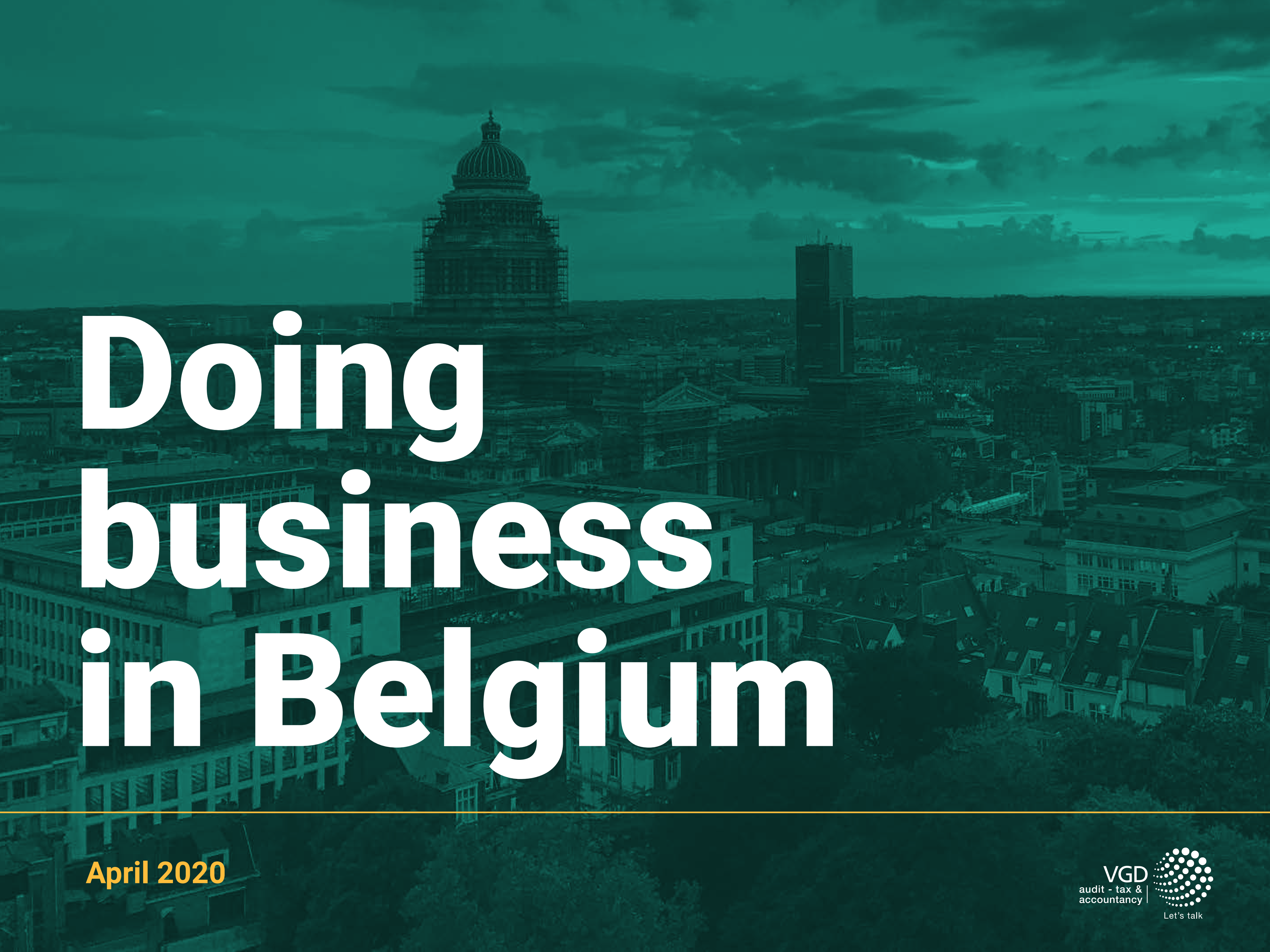


Doing business in Belgium

April 2020

VGD audit - tax & accountancy | Let's talk

Contents

Corporate law

01

Main types of business entity

- Public limited liability company (NV)
- Private company (BV)
- Other types of business entities (unlimited and limited liability) exist but are not that common used.

Requirements NV

Capital:

- minimum 61,500 EUR.
- fully subscribed and paid up to one-quarter, with a minimum of 61,500 EUR.

Capital increase: to be decided by general meeting of shareholders.

Business plan: needs to be set up for at least two year, indicating that the capital of the company is sufficient to perform the activities in these two years.

Contributions:

- in cash: to be deposited on a blocked account.
- in kind: restricted to items that can be valued economically - requires report of founders (or directors) and report of an auditor, describing the contribution and the methods of evaluation used.

Shareholders: at least one, no residence or nationality requirements.

Arrangements: arrangements between shareholders can be recorded in the articles of association or in a shareholders agreement.

General meeting: at least once a year to approve the financial statements within six months after the closing of the financial year.

Board of directors:

- choice between three different systems:
  - One director;
  - Monistic board: College with at least three directors or two directors (if only two shareholders);
  - Dual board: Board of Supervision and an Executive Board, with at least three members each.
- when a company is appointed as a director, she must assign a fixed representative.
- the directors are appointed by general meeting of shareholders.
- no residence or nationality requirements.

Managing director: in charge of day-to-day management.

Type of shares: registered or dematerialized form.

Transfer of shares: free but can be restricted by articles of association or shareholders agreement (only for a limited period of time).

Duration: unlimited, unless otherwise specified in articles of association.

Requirements BV

Capital: sufficient initial capital. There exists no absolute minimum amount.

Capital increase: to be decided by general meeting of shareholders.

Business plan: needs to be set up for at least two year, indicating that the capital of the company is sufficient to perform the activities in these two years.

Contributions:

- in cash: to be deposited on a blocked account.
- in kind: restricted to items that can be valued economically - requires report of founders (or managing director) and report of an auditor, describing the contribution and the methods of evaluation used.

Shareholders: at least one, no residence or nationality requirements.

Arrangements: arrangements between shareholders can be recorded in the articles of association or in a shareholders agreement.

General meeting: at least once a year to approve the financial statements within six months after the closing of the financial year.

Director:

- at least one, shareholder or not.
- a company that is appointed as a director, must assign a fixed representative.
- the director is appointed by the general meeting of shareholders.
- no residence or nationality requirements.

Type of shares: registered form.

Transfer of shares: restricted, unless otherwise specified in articles of association.

Duration: unlimited, unless otherwise specified in articles of association. Formalities for setting up a company.

Formalities for setting up a company

Notary deed
(+/- 1,200.00 EUR to 2,000.00 EUR)

Drafting business plan
(+/- 1,500.00 EUR)

Registration with the Crossroads Bank of Enterprises and request of VAT number
(+/- 150.00 EUR)

Publication of the incorporation of the company in the Belgian Official Journal
(230.02 EUR to 284.71 EUR)

Formalities for setting up branch of foreign companies

Registration in the Crossroads Bank of Enterprises and request of VAT number
(+/- 150.00 EUR)

- Appointment of the legal representative.
- Documents to be filed with the commercial court:
  - Certified copy of the bylaws of its head office
  - Certified copy of the decision of the boards of directors to set up the Belgian branch
  - List of powers delegated to the legal representative
  - Address and activities of the Belgian branch
  - Most recent annual and consolidated accounts of the foreign head office

Liquidation of the company

The directors of a company make a report where they propose to dissolve the company and attach financial accounts, no older than three months, reviewed by an auditor. The actual decision to dissolve the company is taken by the extraordinary general meeting of shareholders (notary deed) who appoints at least one liquidator.

The liquidator sells the assets of the company and pays the liabilities. When all debts of the company are settled, the liquidation of the company can be terminated.

Therefore, the liquidator drafts a plan of distribution of the remaining assets to the shareholders. This plan needs to be approved by the Commercial Court.

The liquidation of the company is finalized at the moment the general meeting of shareholders approves the plan of distribution and closes the liquidation.

The dissolution and the liquidation of the company can be performed in one deed if following conditions are met:

- No liquidator was appointed
- All debts regarding third parties are paid back or these creditors agree with the application of the procedure in one deed
- All shareholders are present or dully represented and decide unanimous

Bookkeeping / Accounting

02

Accounting requirements

On yearly basis: a balance sheet and profit and loss account needs to be drawn up.

Books, records and financial statements must be drawn up in in the official language (French, Dutch or German) depending on the region where the business is located.

Accounting year

Twelve months: calendar year or any period of twelve months (determined in the articles of association).

Exception is made for the first and the last accounting year (maximum duration 24 months minus 1 day).

Accounting records

The following books and records must be kept and retained for at least 7 years:

- Auxiliary books recording the daily operations (bank journal, purchase journal, sales journal)
- Legal journal in which the monthly movements of the auxiliary books are summarised
- Inventory book for the annual registration of the inventory of assets, liabilities, contingent assents and commitments and contingent liabilities

Consolidated financial accounts

Exempt to prepare consolidated accounts if company itself is a subsidiary of a parent company that prepares and publishes audited consolidated accounts and a consolidated director's report.

If a company and its subsidiaries, on a consolidated basis, exceed more than one of the following limits, consolidated financial accounts must be prepared:

• Average number of employees	**250**
• Turnover (VAT excl.)	**34,000,000**
• Balance sheet total	**17,000,000**

And only if the company exceeds these criteria for two consecutive accounting years.

Deposit of financial accounts

Within one month following the date of the approval of the financial accounts by the shareholders, the financial accounts must be deposited with National Bank of Belgium. These financial accounts will also be published.

A branch of a foreign company must deposit the annual accounts and the consolidated accounts of the head office at the National Bank of Belgium (in Dutch, French or German).

Audit requirements

A statutory auditor must be appointed if the company exceeds more than one of the following three criteria:

• Average number of employees	**50**
• Turnover (VAT excl.)	**9,000,000**
• Balance sheet total	**4,500,000**

And only if the company exceeds these criteria for two consecutive accounting years.

The aforementioned criteria must be calculated on a consolidated basis if the company is part of a group that needs to draft and publish a consolidated financial account or if the shares of the company are listed on a stock exchange.

If the company has a work council, a statutory auditor must also be appointed.

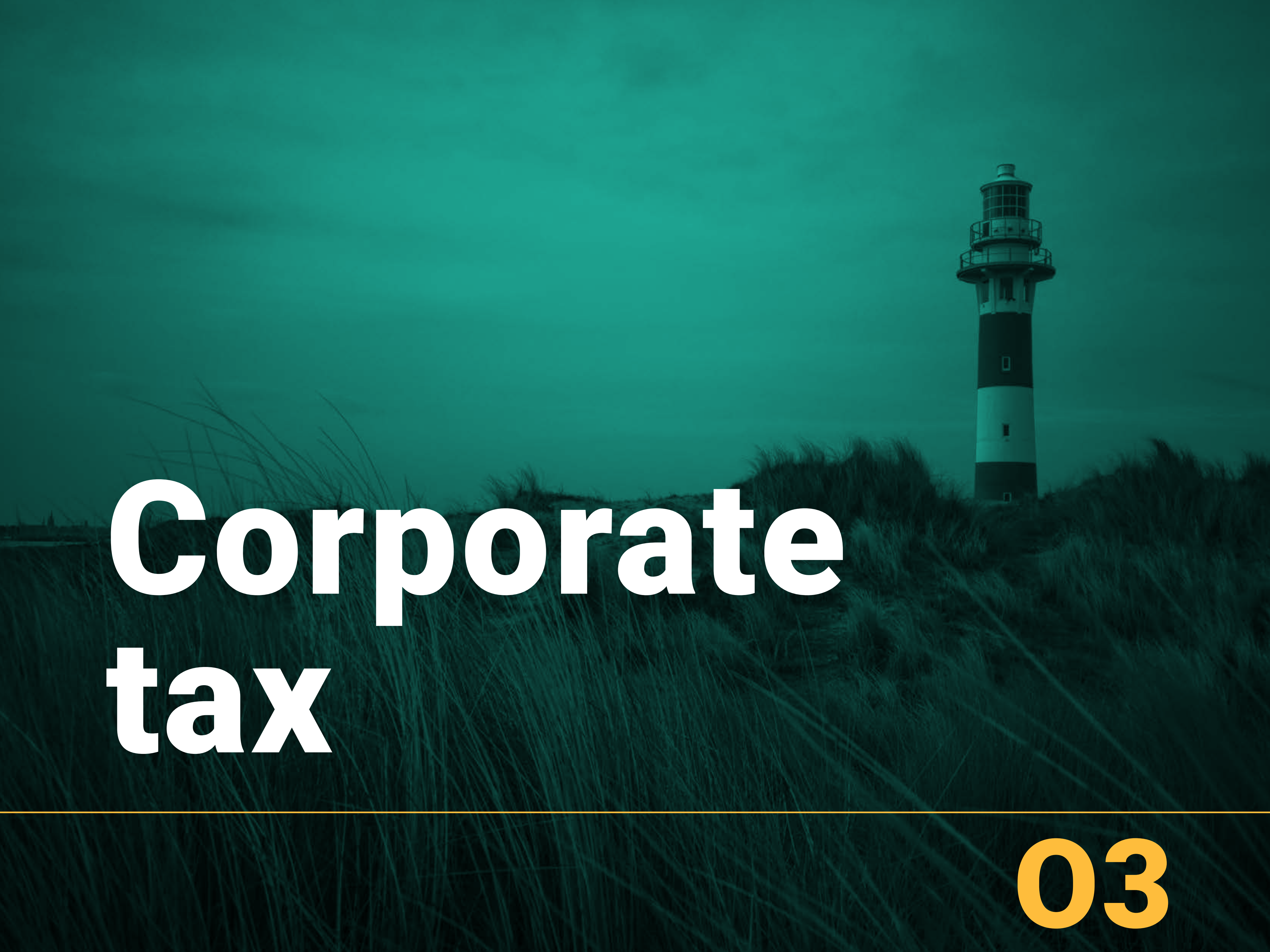
Employee representation

A work council needs to be put into force when a company has more than 100 employees.
Companies who have more than 50 employees should incorporate a Committee for Prevention and Labour Protection.

Distribution of profits

Annually a NV must accumulate 5% of the net profits as a legal reserve until this reserve reaches 10% of the paid-in capital.

In case of an NV, the amount exceeding the sum of the paid in capital and the legal and unavailable reserves is eligible for distributions to the shareholders. In case of a BV, distributions can be made if the planned distribution of profits is subjected to a double distribution test: a balance sheet test and liquidity test.



Corporate tax

03

General

Taxable persons

- Companies having their principal establishment, registered office or place of management in Belgium.
- Non-resident companies with a permanent establishment in Belgium (branches,…).

General tax rate

For tax year 2019 and tax year 2020, two nominal tax rates are implemented:

- a basic rate of 29%
- a reduced rate of 20% for SMEs on the first taxable bracket up to 100,000 EUR.

A supplementary crisis contribution of 2% is due.

From tax year 2021, the basic rate will be reduced from 29% to 25%. The rate for SMEs will remain at 20% for the first taxable bracket up to 100,000 EUR. In addition, as from the tax year 2021 the 2% crisis contribution will be abolished altogether for all companies.

Reduced rate for SME's

A company will not qualify as a SME if the company exceeds more than one of the following three criteria:

- Average number of employees 50
- Turnover (VAT excl.) 9.000.000
- Balance sheet total 4.500.000

And only if the company exceeds these criteria for two consecutive accounting years.

The reduced rate does not apply to:

- companies which do not pay an annual remuneration to one of their directors (physical person) of at least 45,000.00 EUR or a remuneration that equals at least the net taxable profit (if this amount is lower than 45,000.00 EUR);
- companies owned for at least 50% by one or more companies;
- companies whose equity and reserves consist of more than 50% financial assets, unless the participation represents at least 75% of the paid-up capital of the company which issued the shares.

Filing requirements

The tax return must be filed within one month following the general meeting of shareholders approving the financial statements and within six months following the financial year-end at the latest. The tax return must be filed electronically. In certain cases filing can be postponed or extension can be requested.

Assessment normally will be received within twelve months after the filing. Generally, taxes are payable within two months of receipt of the notice of assessment.

Taxable income or profits subject to tax

Capital gains on tangible and intangible assets

- Taxable
- When certain conditions are met, the company has the possibility to apply for a deferred taxation regime when selling price or indemnification is reinvested in depreciable tangible or intangible fixed assets.
- In this case, the taxation of the capital gain will be spread over the depreciation period of the reinvestment.

Capital gains on financial assets (participations)

- Tax year 2019-2020
  - Exempt from tax when taxation, retention period (1 year) and shareholding condition are met;
  - Taxed at a fixed rate of 25% (to be increased with surtax of 2%) when taxation and shareholding condition are met, but the shares were not held in full ownership during an uninterrupted period of one year (retention period);
  - Taxed at general rate when taxation or shareholding condition are not met.
- From tax year 2021
  - Exempt from tax when taxation, retention period and shareholding condition are met;
  - Taxed at general rate when taxation, retention period or shareholding condition are not met.

Special rules apply for trading companies.

Regional grants and subsidies

Exempt from tax under certain conditions.

Deductible charges and expenses

General rules

In general: all expenses and charges incurred or borne during the taxable period in order to obtain or retain taxable income are deductible.

The following items are generally not deductible (disallowed expenses):

- 0% to 50% (60% from tax year 2021) of car expenses depending on the CO_2-emission. (except financial charges and car phone);
- 25% of the fuel costs (from tax year 2021: according to CO_2 emission);
- 17%/40% of the benefit in kind on company cars;
- 31% of entertainment/restaurant expenses incurred in Belgium;
- 50% of reception costs or business gifts;
- 100% of so-called "social benefits" granted to personnel, except some specific social benefits enumerated by tax regulations;
- Non-deductible gifts;
- Belgian corporate income taxes (foreign income taxes are deductible);
- Certain taxes imposed by the regions (mainly environmental taxes);
- Fines, administrative and judicial penalties. However, proportional VAT fines remain deductible. (from tax year 2021 VAT fines will no longer be deductible);
- Clothing (except specific professional clothing);
- Unrealised capital losses on shares. Realised capital losses on shares are deductible only to the extent that they correspond to actual losses of paid-in capital on these shares, incurred upon the final distribution of the capital at liquidation. Special rules apply for trading companies;
- Abnormal or benevolent advantages granted directly or indirectly to a foreign related company or to a foreign company or permanent establishment located in a tax haven country.

The matching principle is also applicable for tax purposes. This means that costs relating to a subsequent financial year are only deductible in that particular year.

Depreciation and amortisation

Depreciation and amortisation are based on the residual value and the useful economic life of fixed assets.

Pro rata temporis depreciation, exception for SMEs that can in principle depreciate for a full annuity in the year of acquiring the assets.

From tax year 2021 pro rata temporis deprecation in the year of investment will also be compulsory for SMEs.

Deprecations are disallowed in the year the assets are sold.

Methods: straight-line and declining balance (from tax year 2021 the declining balance deprecation method will be abolished)

Acceptable rates are:

- Office buildings	3%
- Industrial buildings	4-5%
- Industrial machinery and equipment	10% or 33%
- Office furniture and equipmen	10-15%
- Motor vehicles	20%
- Electronic data processing equipment	20-50%
- Research and development expenses	at least 3 years

The annual depreciation rate under the declining balance method may not exceed 40% of the acquisition value. Declining balance method cannot be applied on vehicles or assets for which the right to use is granted to a third party by a taxpayer entitled to depreciate the asset for tax purposes.

Provisions

Only provisions for charges resulting from a contractual, legal and/or regulatory (other than accounting) obligation existing on the balance sheet date (with the exception of obligations imposed by accounting law) qualify for tax exemption.

The provision for doubtful debtors is exempted from taxable income, provided that their loss can be clearly defined, the corresponding receivables are individualized and connected with the business. The probability of sustaining such a loss results from circumstances occurred during the financial period should still exist at the end thereof.

As a result of the COVID-19 crisis, the tax authorities have by means of a recent circular letter extended the scope of the exemption for provisions for doubtful debtors which are (in)directly affected by the government measures. The circular letter mentions that the tax inspector may be flexible in the assessment of debt collection issues if it concerns a debtor whose turnover has decreased significantly due to the relevant government measures. Nevertheless, it remains crucial to timely and correctly collect the necessary information about all single doubtful debtors for which a provision for doubtful debtors with whom the tax payer may be confronted.

Investment reserve

Some companies were able to, under certain conditions and subject to certain limits (maximum 18,750 EUR a year), build up a tax-exempt reserve for investments. This investment reserve is abolished from tax year 2019 for new investments and will be phased out for current investments.

Interest

Deductible if not exceeding the usual market rates. This rule does not apply if interest is paid to a Belgian bank.

The criterion market rate will for interests attributed after 31 december 2019 be replaced by a formula in which reference is made to the MFI interest rate published by the National Bank of Belgium.

Specific thin capitalisation rules:

- As from tax year 2020 group companies need to comply with the Interest Limitation rule, as laid down in the EU's Anti-Tax Avoidance Directive (the "ATAD"). Net interest expenses are deductible to the highest of the following thresholds: 30% of the borrowing corporation's EBITDA or 3 million EUR. Interest relating to loans entered into prior to 17 June 2016 are grandfathered, unless the loan undergone fundamental changes since then. Modifications in the context of the COVID-19 crisis are not regarded as fundamental changes.
- A debt to equity ratio of 1:1 applies in respect of loans from individual directors, shareholders and non-resident corporate directors;
- A debt to equity ratio of 5:1 applies when interest is paid to companies exempt for taxation or taxed at a low rate and in case the ATAD regime is not applicable.

Royalties

Deductible if not exceeding the usual market rates.

Tax deductions

Dividends received deduction

100% of the dividend received is excluded from the taxable profits. To qualify for the dividends received deduction, the following conditions are met:

- The shareholders must have a participation of at least 10% of the share capital or the acquisition value of the participation must be at least 2,500,000 EUR;
- The shareholders have full ownership of the participation and have or will hold the participation for an interrupted period of at least one year;
- The distributing company must be subject to corporate tax similar to Belgian corporation tax (taxation test).

Notional interest deduction

Calculated on the increase in equity (subject to certain deductions/restrictions) compared to a 'moving average' based on the 5 preceding years. Excess of notional interest deduction cannot be carried forward.

The tax rate is determined every year on the basis of the interest rate on 10-year linear government bonds (OLO's), with a maximum of 3%. SME's can benefit from a surplus of 0.5%. For tax year 2020, the rate is 0.726% (1.226% for SMEs) and 0.000% (0.408% for SMEs) for tax year 2021.

The remaining NID of the year that could not be used in a tax year; cannot be carried forward.

Innovation income deduction

Belgian Patent Box also known as Innovation Income Deduction is a tax relief scheme for innovative companies in Belgium. A deduction of 85 percent of the net income they derive from qualifying intellectual property assets (patents and supplementary protection certificates) is allowed.

Losses

Can be carried forward (not carried back), indefinitely in time. From tax year 2019 the deduction of these losses carried forward are limited in function of the results of the year. For more information: see 'minimal taxable base (basket)' on page 17.

Restrictions may apply in cases where there's a change of control that does not meet 'legitimate financial or economic needs'. In such cases, existing prior losses may be completely lost for the future.

Tax losses cannot be offset against an increase in the taxable base as a result of a tax audit. The increase as a result of a tax audit will be considered as the minimal taxable base.

Tax group

From tax year 2020 a tax consolidation is introduced for corporate income tax purposes.

In practice, group companies (90% shareholding) are able to conclude agreements among themselves to transfer losses from one company to another:

- Such agreements may relate to only one year, which implies that only the losses of the financial year in question qualify for this arrangement (no accumulated losses);
- The scope of this measure is limited to group companies that have been affiliated for at least five consecutive taxable periods;
- The group contribution arrangement is only possible between parent companies and their subsidiaries or between subsidiaries of the same parent company, and their permanent establishments. (Sub)sub-subsidiaries, etc. do not qualify. A foreign company only qualifies if it is established in a member state of the European Economic Area;
- The financial years of the companies must be concurrent;
- The scope of the consolidation regime is limited to certain qualifying companies.

The group contribution can never exceed the current year tax losses reported by the loss-making company.

Financial neutrality is guaranteed as the loss-making company is compensated for the reduction of the loss carried forward with an equivalent amount by the receiving company that can deduct this loss from its profit. The compensation is equivalent to the additional tax that would have been due if the amount of the group contribution specified in the agreement had not been deducted from the profit for the period.

The compensation agreed as part of the agreement is fiscally neutralized by not reporting it as a business expense at the paying entity and exempting it at the recipient entity.

Investment deduction

A company's taxable profit can be reduced with a fixed percentage of the acquisition or investment value of certain new tangible and intangible assets used for business purposes.

Ordinary investment deduction for SMEs: 8% on the acquisition or investment value of new tangible and intangible assets used for business purposes as from January 1, 2016. This standard investment deduction for SMEs of 8% is increased to 20% for investments in fixed assets that were acquired or established between 1 January 2018 and 31 december 2019.

The investment deduction that cannot be offset against the taxable base in the tax year in which the investment took place can only be carried forward to the next tax year.

No NID in the year the company applied for the ordinary investment deduction.

Special investment deduction

Special investment deduction for SMEs and large companies:

A fixed percentage of the acquisition or investment value of certain new tangible and intangible assets used for business purposes.

Rates:

Energy-saving investments	13.5%
R&D new products/technologies	13.5%
Patents	13.5%
Spread deduction: R&D new products/technologies	20.5%
Assets used for production of reusable packing:	3.0%
Digital investments (only SMEs)	13.5%
High tech product resources	20.50%

A company can opt for a tax credit as an alternative for the research and development and patent investment deduction. The credit is creditable against Belgian corporate tax income tax at the standard rate. The tax credit is refundable if it has not been deducted for five subsequent fiscal years (in case of a lack of taxable income).

The special investment deduction can be combined with the NID and can be carried forward indefinitely in time in case of insufficient profits.

Other taxes

Secret commission tax

Certain costs need to be reported in individual tax sheets in order to guarantee tax deductibility:

- Commission fees, broker fees, attendance fees, fees and gratifications qualifying as taxable professional income in hands of the beneficiaries.
- Salaries and benefit in kinds granted to employees, directors, suppliers, clients,….
- Cost made by employees or directors on behalf of their employer
- Discounts granted via a separate credit note

Non-compliance with this requirements is sanctioned with a secret commission tax of:

- 100% if beneficiary is subject to personal income tax
- 50% if beneficiary is subject to corporate tax

The secret commission tax is not applicable if:

- Taxable income or benefit in kind were timely included in the beneficiary's income tax return.
- Beneficiary can still be identified ultimately within 2 years and 6 months following January 1 of the assessment year concerned.

Liquidation reserve

SME's are allowed to allocate all or part of their accounting profit to a liquidation reserve. This reserve needs to be booked on an unavailable reserve (which cannot serve as basis for any distribution or remuneration) and will be subject to a separate non-deductible tax of 10%.

When this reserve is not distributed until liquidation, no additional withholding tax will be due on the distribution of this reserve. However, if this reserve is distributed during the first 5 years, a withholding tax of 17%/20% will be due. If the distribution takes place after 5 years, a withholding tax of 5% is due.

The FIFO principle is applicable, meaning that the oldest reserves will be deemed to be withdrawn first.

Minimal taxable base

Minimal taxable base

The minimal taxable base of the company consists of the following:

Taxable at the general rate:
- 17%/40% of the benefit in kind on company cars
- the received abnormal or benevolent advantage

Minimal taxable base (basket)

From tax year 2019 the deduction of losses carried forward (and, by extension, other elements carried forward) are limited according to the results of the year.
- The deduction of losses carried forward, dividends received deduction (DRD) carried forward and the new and carried forward NID will each year be limited to a "basket".
- The deductions that could not be applied due to the limitation of the basket can be carried forward.
- For SME's, losses carried forward will not be subject to this restriction during the first four taxable periods of their incorporation.

The "basket" is limited to 1 EUR million + 70% of the remaining balance of taxable profit after the investment deduction. This means that 30% of the profit above 1 EUR million constitutes a minimum taxable base in corporate income tax.

CFC rules

CFC rules

From tax year 2020 CFC rules are introduced in Belgium. The introduction of Belgian CFC legislation has the effect of taxing undistributed income of a foreign subsidiary or establishment resident in a tax haven in the hands of the Belgian parent company.

Transfer pricing

Transfer pricing

Transactions between related companies must be carried out at arm's length.

Abnormal or benevolent advantages granted by a Belgian company to a non-resident related person (individual or company) or to persons situated in tax haven must be added to the taxable base. Abnormal or benevolent advantages received contain the minimal taxable base.

Interest, royalties and fees paid to non-resident holding company or any other recipient in a tax haven can be disallowed as deductible expense unless taxpayer proves that the transaction is real and genuine and that the payments are not excessive.

Transfer of certain assets (bonds, claims, money,..) to a holding company or any other person in a tax haven may be disregarded by the tax authorities, except if the taxpayer shows that the transaction corresponds to legitimate business needs or that he received an actual consideration producing an amount of income subject in Belgium to a normal tax rate.

General anti-avoidance rule

A transaction or a series of transactions forming a single transaction in the legal or economic sense will not be binding for the tax authorities if they qualify as tax abuse (by presumption or otherwise). The tax payer can refute such proof by demonstrating that the transaction is justified by other reasons than tax avoidance.

Ruling system

Ruling system

Taxable persons can apply for an advance decision on the application of direct or indirect tax laws to a particular situation or transaction.

The Belgian tax authorities are bound by the ruling. The ruling can be set aside if the taxable person has not correctly described the facts or does not follow the conditions set forth in the ruling. The ruling is valid for a period of 5 years.

The tax authorities will publish the rulings on an anonymous basis.

Tax treaties

Tax treaties

Belgium has negotiated a range of tax treaties which provide an exemption or a reduction in withholding taxes on dividends, interests and royalties.

Withholding taxes

04

Dividends

30% (general rate)

Distribution of liquidation reserve:

- 5%: distribution after 5 years;
- 17%/20%: distribution within 5 years.

Reduced rate:

- 15% on dividends deriving from the profits of the third year and the following years;
- 20% on dividends deriving from the profits of the second year;
- 30% on dividends deriving from the profits of the first year.

Conditions to apply for the reduced rates:

- Only applicable for SMEs;
- Shares must represent a contribution in cash (not in kind);
- Shares are fully paid;
- Shares are registered and do not have no preferential regime.
- Reduced rates will be lost in case of a transfer (exception for certain tax free transactions)

A withholding tax exemption is provided for dividends distributed to the parent company residing in Belgium or another EU Member State, provided the beneficiary has a participation of at least 10% in the subsidiary's share capital which was or will be held during an uninterrupted period of at least one year. Note that internal legislation also provides for a withholding tax exemption for dividends paid to treaty countries provided certain conditions are fulfilled.

Interests

30% (general rate), a reduced withholding tax applies for interests paid to residents of treaty countries

Withholding exemption also applies on interests attributed to a company residing in Belgium. The exemption also applies to companies in another EU Member State, provided the beneficiary has a participation (direct or indirect) of at least 25% in the subsidiary's share capital which was or will be held during an uninterrupted period of at least one year.

Royalties

30%, a reduced withholding tax applies for royalties paid to residents of treaty countries.

Withholding exemption also applies on royalties distributed to a company residing in Belgium or another EU Member State, provided the beneficiary has a participation (direct or indirect) of at least 25% in the subsidiary's share capital which was or will be held during an uninterrupted period of at least one year.

Branch remittance tax

Non applicable in Belgium

Salary withholding tax

Employers must withhold a salary withholding tax on the salaries paid to employees. This withholding tax on salaries must be remitted to the tax authorities.

Under certain conditions, employers may be exempt to remit 80% of the withholding tax on salaries paid to researchers for their time performing R&D activities.

Certain decreases also apply for the withholding tax on salaries paid to employees performing shift- or night work or doing overtime.

Value added tax

05

Rates

21% (standard rate)

12% for a number of listed products, social housing and restaurant and catering services

6% for certain basic goods and services, including food, water, pharmaceutical product and medical aids, books and periodicals, agricultural services, passenger transport, hotel accommodation, renovation or maintance work on buildings used for housing that are at least 10 years old.

0% daily and weekly publications and recycled goods.

VAT Return

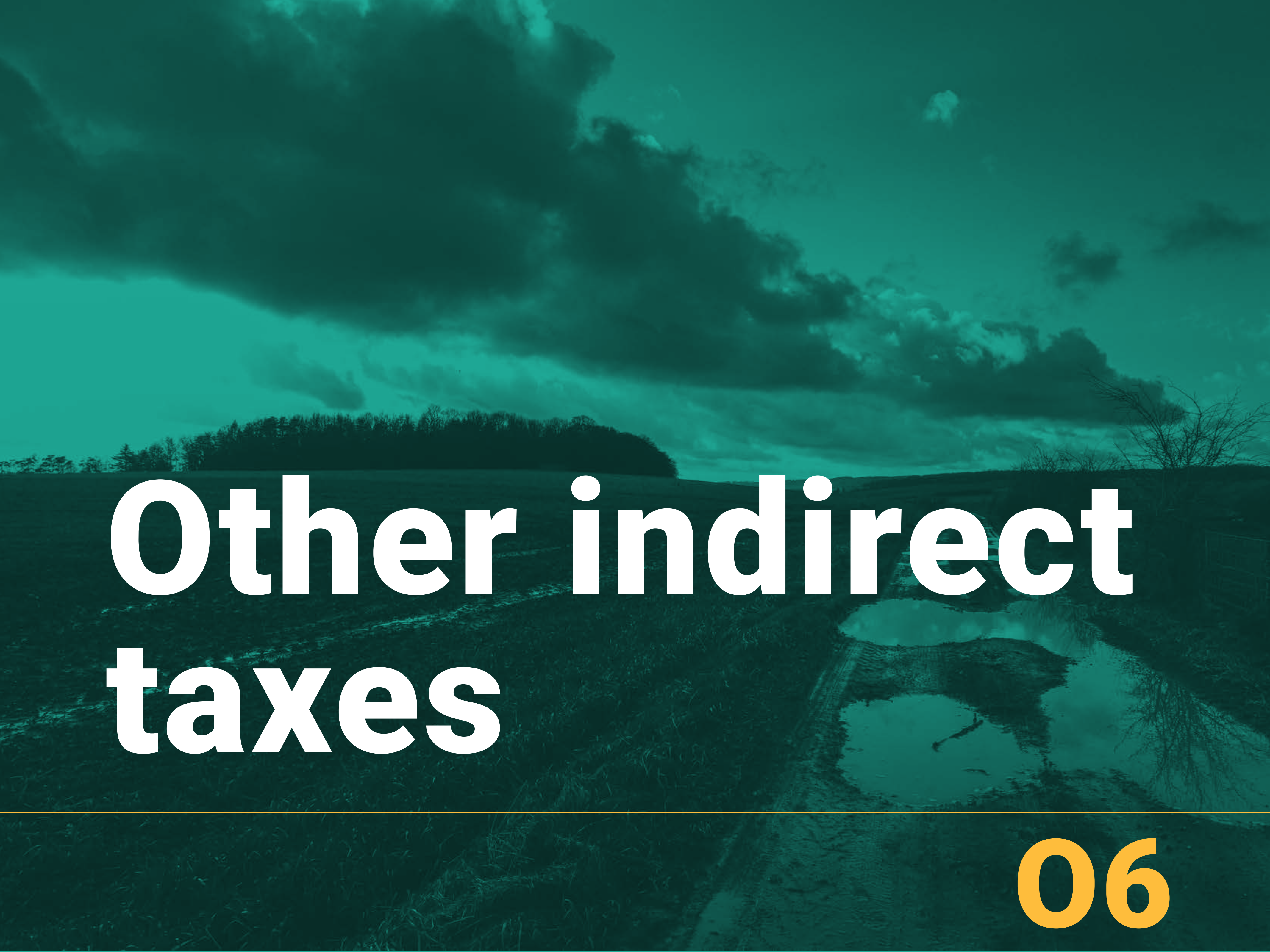
VAT return must be filed on a monthly or quarterly basis.

Registration

Each person subject to Belgian VAT must obtain a Belgian VAT identification number.

Taxable persons with a fixed establishment elsewhere in EU, who needs to register in Belgium for VAT purposes may choose either a direct registration or a registration via the appointment of a VAT representative (under an individual VAT number).

No obligation to register for VAT purposes if turnover of taxable supplies does not exceed 25,000 EUR.



Other indirect taxes

06

Other indirect taxes

Capital tax

Fixed fee of 50 EUR

Real estate tax

Percentage of the presumed annual rental income of owned land, building and industrial equipment.

Registration duties

Registration duties apply to the transfer and leasing of real estate located in Belgium.

Transfer tax

No transfer tax applicable in Belgium

Custom duties

They are levied on goods imported from outside the EU

Excise duties

They are levied on energy products, electricity, tobacco, alcohol and alcoholic beverages.

Environmental taxes

They are levied on the energy usage to fund climate change commitments and unclear decommissioning.

Labor law and social security

07

Overtime is strictly regulated. In general, the overtime performed by an employee is compensated by an equivalent amount of time off. Overtime premiums on top of the wages are 50%, increasing to 100% on Sundays and holidays. Special rules apply for shift workers and part-time workers.
There are 10 public holidays and the minimum annual holiday is 20 days or 4 weeks. The annual holiday is in general also determined by the industry.

Termination of the employment

Contracts concluded for an indefinite period may be terminated by each party by giving notice in writing, mentioning the starting date of notice and the duration of the notice period. Contracts may be terminated with immediate effect and the payment of a severance payment.

Notice periods for the employer depend only on the length of the service

Length of service	Notice	Length of service	Notice
0 to 3 months	1 week	21 to 24 months	11 weeks
3 to 4 months	3 weeks	2 to 3 years	12 weeks
4 to 5 months	4 weeks	3 to 4 years	13 weeks
5 to 6 months	5 weeks	4 to 5 years	15 weeks
6 to 9 months	6 weeks	For each started year of employment	1+ week
9 to 12 months	7 weeks		
12 to 15 months	8 weeks		
15 to 18 months	9 weeks		
18 to 21 months	10 weeks		

Social contribution

Social contributions are due by the employer. On January 1, 2018 the contribution amounts up to 25% for employees and 30.57% for workers.

SMEs can benefit from additional reductions for the first to sixth recruitment.

Work permit

A company that employs a non-EEA or non-Swiss national must apply for an authorization and a work permit B. All nationals must register upon arrival with the Belgian communal authorities if they will reside in Belgium for a period of more than three months.

Limosa

Employees and self-employed persons who come to work in Belgium temporarily or partially must be reported to the Belgian social security authority (Limosa declaration).

Intellectual property

08

Patent protection

Can be obtained under:

- Domestic law
- European Patent Convention
- Patent Cooperation Treaty

Trademark and design protection

Can be obtained under:

- Benelux Convention on Intellectual Property
- European Community Trademark and Design system
- International system (Madrid system or the Hague system)

Copyright

Protected by domestic law, which covers also related rights, including the rights of performers, producers and broadcasters.

About VGD

09

We are VGD: let's talk… about us

Values

Through credibility, we create tailor-made solutions for your future. That is the starting point for any action we take, from deploying our skilled people and addressing your current needs to anticipating what the future may bring. These needs are different for each client, which is why we completely tailor our solutions to your company's requirements.

Vision

- **Sparring together**: at VGD, we encourage one-to-one talks. Together, we'll create a rich dialogue about the present and the future, why or why not, your goals and ambitions and what keeps you up at night.
- **Growing together**: VGD inspires you to identify where you want to go and explore the goals and possibilities. We actively guide you as you take your own path forward.
- **Doing business together**: VGD excels at guiding entrepreneurs who must respond to dynamic change. We open the discussion, and based on our years of experience, we identify opportunities, consider the options and collaborate to establish a decision-making process that takes every stakeholder into account.

Approach

300 experts and a broad international network form the foundation of VGD. You get one point of contact, a sparring partner who keeps track of the situation and opens the door to our network of specialists. By using this approach, for every challenge, we connect you with the expert that has the most profound expertise in related fields.

VGD in figures

Belgium

- 13 partners
- +/- 300 employees
- 13 offices
- Rev. = EUR 30M

VGD International

- +/- 80 partners
- +/- 1,000 employees
- 8 countries
- Rev. = EUR 99M

Part of Nexia international

VGD is also part of Nexia International, the world's 9th-largest international network of independent accountants, tax advisors and auditors. Its members support both national and international companies and individuals in their worldwide activities. With more than 30,750 employees and around 668 offices in 117 countries, Nexia International offers a comprehensive range of services in the field of auditing, tax and business advice.

How can we help you?

VDG offers a broad ecosystem of business lines, empowering us to help your company flourish, no matter your ambitions:

Want to make an appointment?
Contact us via be.vgd.eu

WE ARE VGD

Thinking along with the needs of the customer – tailored solutions