

NAVIGATING BREXIT

Investing in Belgium



Mazars assists companies who want to do business in Belgium. Our comprehensive package of solutions and services will help you achieve your goals.

How Mazars can help companies investing in Belgium to overcome key challenges

Mazars is able to provide specialist expertise to help companies overcome key challenges when investing in Belgium. We have a wealth of experience gained from working with clients of all sizes and complexity; from the largest multinationals to a start-ups. We are well placed to tailor a solution that meets your needs:

- **Getting started** - Our company secretarial team will help you set up and register your business. Our HR and immigration teams will help you manage employment issues.
- **Designing the most effective corporate structure** - Our local and international corporate tax teams will help design a structure that is tax efficient and comprehensive.
- **Obtaining your regulatory licence and approvals** - Our regulatory experts can work closely with you to obtain the most appropriate regulatory licence and approvals for your business.
- **Getting paid** - Our local payroll team provides a highly efficient service, which includes: tax calculations, electronic pay slips, expense handling and compliance.
- **Setting up the back office** - Our local accounting and outsourcing team can offer either full or partial back office functions tailored to your needs. This includes services such as financial and regulatory reporting, management accounts, tax returns, audit assistance and key reconciliations.
- **Keeping everything in order** - Our tax, VAT and accounting specialists are integrated into a single client focused team who will work with you to make sure your business is fully compliant with all local rules and regulations.
- **Preparing for growth** - Working as a trusted advisor we can support your growth with process and system development, acquisition and due diligence support as well as forward looking tax planning.

Why Mazars?

Our expertise, combined with our partner-led approach means you will benefit from a personal service backed by a depth of experience whatever your growth aspirations.

We offer a complete range of services to meet your needs and take your business from inception to growth and beyond.

Services we can provide at Mazars:



Key areas to consider when operating in Belgium

Accounting Compliance

- In general all companies are required to draft and file annual financial statements with the National Bank of Belgium.
- Small private companies are allowed to file abbreviated financial statements, whereas medium and large companies have to file a full set of financial statements.
- Financial statements must be filed within seven months from the company's accounting year end and no later than one month following the formal approval of the annual financial statements by the shareholders.
- Belgian companies are required to be audited unless they meet the small company exemption level and are privately owned.

Corporation Tax

- Trading profits are generally taxed at 33.99%, unless the company is able to benefit from the reduced rate for small and medium sized entities.
- Under the notional interest deduction (NID) regime, Belgian companies are entitled to deduct a deemed interest expense against the net equity (tax incentive).
- Companies pay their tax upon receipt of the assessment notice. Corporate advance payments can be made in four instalments.
- Companies file their tax returns within one month following the approval of the annual financial statements (for accounting years ending 31 December, usually around September).
- Belgium has access to a range of double taxation treaties which can provide for a zero rate (or reduced rate) of withholding tax on dividends, interest and royalty payments.

Company Law

- The majority of companies are set up in Belgium as limited liability entities and are therefore subject to the Belgian Companies Code.
- A private company must have at least one director; whilst a public company requires a minimum of three.
- Several types of companies exist. The most common companies utilised by foreign investors include:
 - 'Société Anonyme' (SA) or 'Naamloze Vennootschap' (NV), which is the equivalent of a public limited liability company
 - 'Société Privée à Responsabilité Limitée' (SPRL) or 'Besloten Vennootschap met Beperkte Aansprakelijkheid' (BVBA), the equivalent of a private limited liability company.
- Foreign entities can also carry out activities without incorporating a company by setting up a legal branch.

VAT

- A 'taxable person' is required to charge VAT and pay over the net liability for each relevant taxable period.
- VAT is not only chargeable on goods and services originating in Belgium, it can also be charged on international supplies of goods and services. However, in general supplies of goods and services cross border to other businesses are not subject to VAT.
- VAT taxable persons are entitled to recover any VAT charged to it (subject to some minor restrictions).
- If a business is registered for VAT, it is required to keep a proper record of transactions, a detailed VAT invoice must be issued on any taxable supplies made to other business customers, and periodic returns must be filed with the VAT Authorities.
- Certain transactions (goods/services) are exempt of VAT such as most of the financial and insurance services.

Personal and Employment Taxes

- Employers will need to register with the tax authorities for payroll purposes so that income tax and salary-related social insurance can be calculated and remitted on behalf of the employee.
- Belgian tax resident individuals are taxed on their worldwide income. Non-Belgian residents pay Belgian income tax on their Belgian sourced income only.

- The taxation of earnings from employment depends on where the duties of employment are carried on, as well as the residence of the employee.
- Highly qualified employees who are seconded to work in Belgium may benefit from the special tax status for expats.
- Other personal taxes such as capital gains tax and inheritance tax may also affect individuals.

Research and Development Tax Credit

- Key Belgian research and development (R&D) tax measures have been introduced to encourage and enable organisations to structure R&D activities in Belgium. These include:
 - 85% innovation income deduction
 - Tax breaks for R&D investments
 - Advantageous measures for organisations that employ R&D staff
 - Tax exemption on allowances and capital and interest subsidies awarded by regional institutions to support corporate R&D
 - Structural funding for R&D projects
 - Expatriate tax status in R&D.

Transfer Pricing

From 2016, new transfer pricing documentation rules are applicable for Belgian companies with annual turnover exceeding € 50 Million.

Qualifying Belgian corporate tax payers now are required to apply the three-tiered approach to transfer pricing reporting, in line with Action 13 of the OECD's BEPS project under Belgian income tax legislation.

A Belgian company (and a Belgian permanent establishment) will have to file a Master file and a Local file if the entity exceeds one of the following three criteria in its stand-alone statutory financial statements in the preceding financial year:

- Total operating and financial revenue of at least €50 million (excluding non-recurring revenue); or
- Balance sheet total of € 1 billion; or
- An annual average payroll of 100 full time employees.

Please get in touch...

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