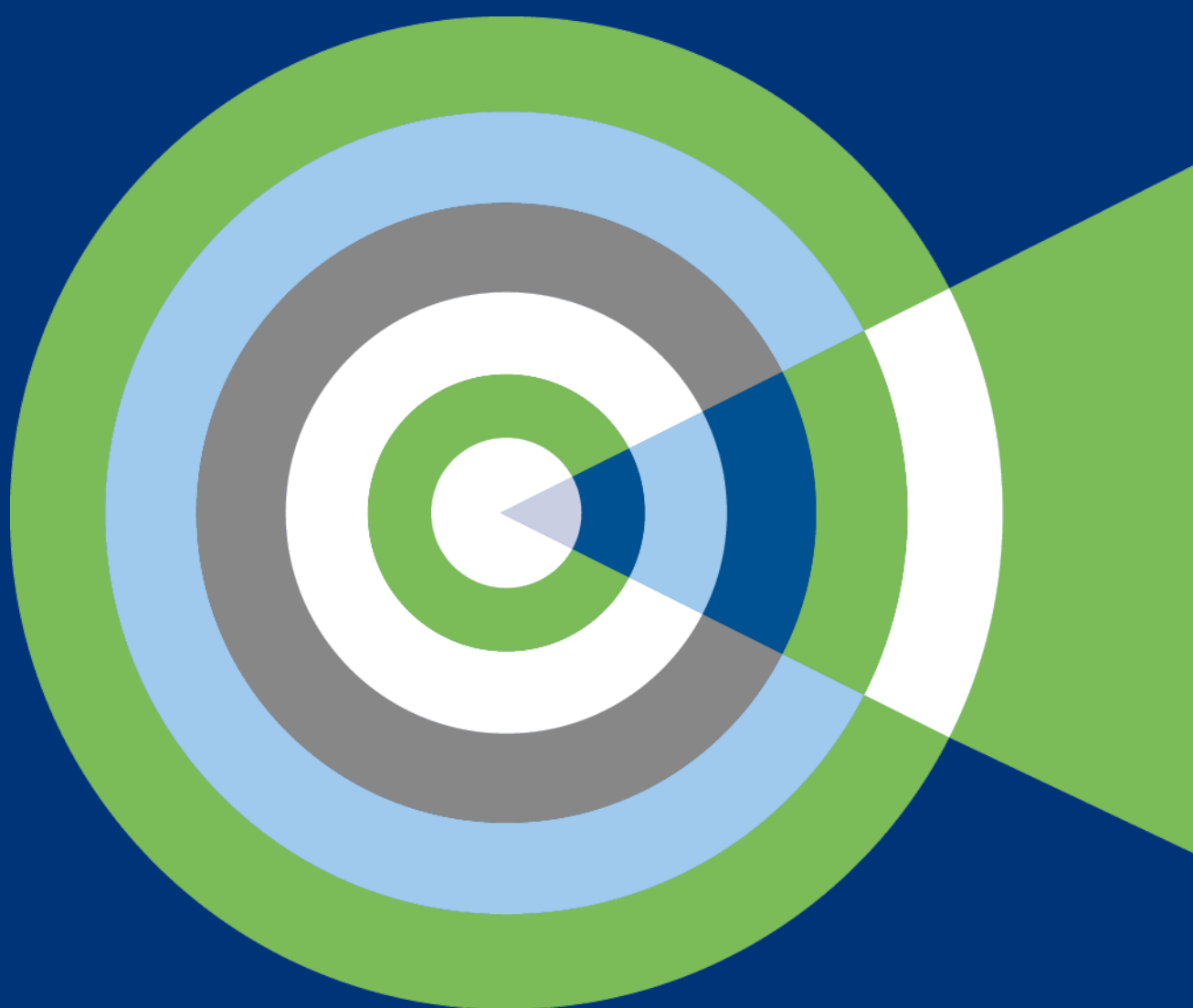


# DOING BUSINESS

IN BELGIUM

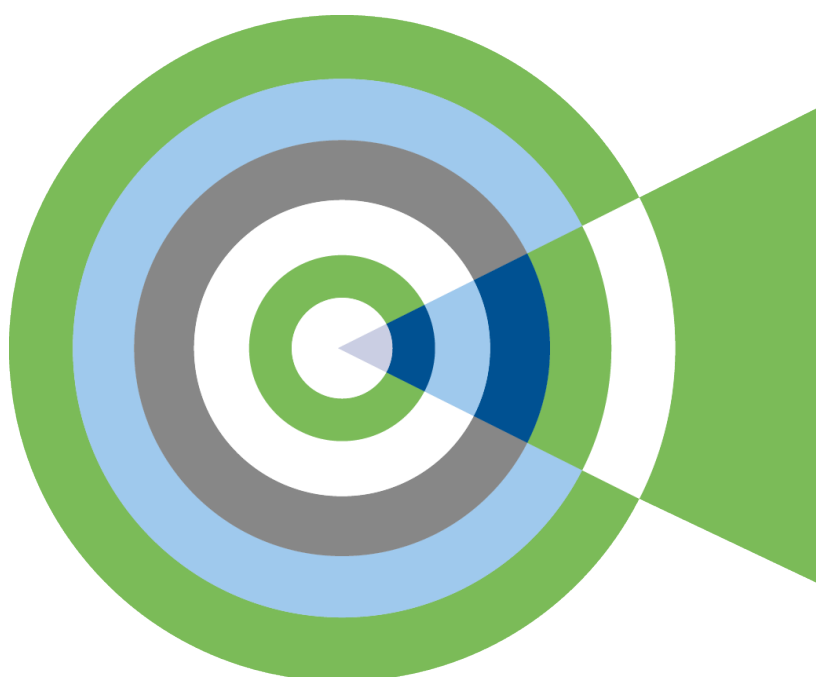


The network  
for doing  
business

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# 1 – INTRODUCTION

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UHY is an international organisation providing accountancy, business management and consultancy services through financial business centres in over 100 countries throughout the world.

Business partners work together through the network to conduct transnational operations for clients as well as offering specialist knowledge and experience within their own national borders. Global specialists in various industry and market sectors are also available for consultation.

This detailed report providing key issues and information for investors considering business operations in Belgium has been provided by the office of UHY representatives:

## UHY-CDP PARTNERS

Square de l'Arbalète, 6,  
B-1170 Brussels  
Belgium

Phone        +32 2 663 11 20  
Website     [www.cdp-partners.be](http://www.cdp-partners.be)  
Email        [info@cdp-partners.be](mailto:info@cdp-partners.be)

You are welcome to contact Chantal Bollen ([c.bollen@cdp-partners.be](mailto:c.bollen@cdp-partners.be)) for any inquiries you may have.

A detailed firm profile for UHY's representation in Belgium can be found in section 8.

Information in the following pages has been updated so that they are effective at the date shown, but inevitably they are both general and subject to change and should be used for guidance only. For specific matters, investors are strongly advised to obtain further information and take professional advice before making any decisions. This publication is current at July 2022.

We look forward to helping you doing business in Belgium

## 2 – BUSINESS ENVIRONMENT

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### OVERVIEW

#### COUNTRY AND NATION



Belgium is a small country (30,528 square kilometres) at the centre of the most significant industrial and urban area in Western Europe. Belgium lies at the heart of Europe, an incomparable geographical location. London, Paris, Amsterdam and Frankfurt are only 200 miles away from Brussels, the capital of Belgium.

Since the end of the Second World War, Brussels has occupied a key position in the network of European cities thanks to its many assets (its central location in Europe, multilingual nature, pro-European policy and diverse population), all of which have served to attract the headquarters of major international institutions to the city. Belgium has been chosen as the headquarters of the European Community, the North Atlantic Treaty Organisation (NATO) and over 1,000 major international business firms.

Belgium is well served by all transport modes:

- **Road** – the Belgian motorway system is modern and well-developed. Every kilometre of highway is partly lit all night long and is toll-free. Seven international expressways connect the country to the French, German and Dutch motorways. The proximity of the Eurotunnel (linking the continent to the UK) is an additional asset
- **Rail** – Belgium's railway network is one of the most concentrated in the World

- **Air** – Brussels National Airport offers a range of intra-European and international flights. Thanks to permanent upgrading, the activities of the regional airports of Charleroi, Liege, Antwerp and Oostende are expanding, with growth both in freight and passenger traffic. Brussels airport is also well-connected with other European international airports such as Paris, Amsterdam, London and Frankfurt
- **Water** – Belgium offers world-class water transport facilities with the port of Antwerp (the second largest seaport in Europe). Rivers and canals extend across the country, establishing a highly developed inland waterway system with connections to the main rivers and canals of neighbouring countries. Moreover, ports are fully integrated with the road and rail networks and, as such, are a prime example of multimodality.

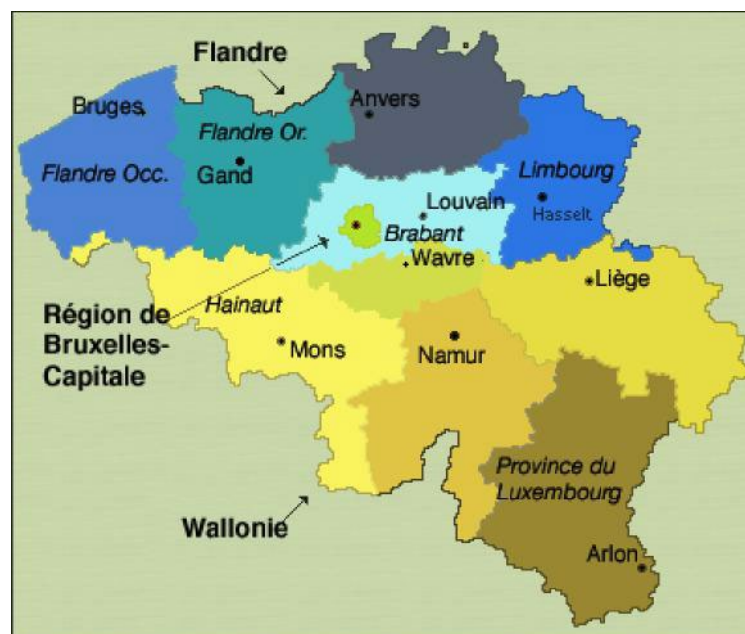
Belgium's workforce is multilingual, skilled (the Belgian education system is reputed for its quality), motivated (very low absenteeism) and highly productive. In addition, Brussels' rental costs are very attractive compared to neighbouring cities.

Belgium offers a variety of advantages to foreign investors, employees and managers residing in the country (e.g. language facilities, a pleasant living environment, the quality of food and beverages which is recognised worldwide, private international schools, international clubs etc).

#### REGIONS, COMMUNITIES AND LANGUAGES

There are 3 regions in Belgium:

- Flanders (which capital is Brussels)
- Brussels
- Wallonia (capital Namur)



The Belgian population is made up of more than 11,5 million people:

- 1,3 million live in the capital, Brussels
- 6,6 million live in Flanders
- 3,6 million live in Wallonia.

There are three main communities:

- The Flemish community
- The French community
- The German community.

The three official languages of Belgium are Dutch, French and German. Around six million Belgians are Dutch speaking and live in the northern Flemish provinces. Three million live in the southern Walloon provinces and are French speaking. German is also an official language, but spoken mostly in a small community bordering with Germany. The capital, Brussels, is officially bilingual. Most Belgians are also more than capable of expressing themselves in English as well.

## GOVERNMENT

Belgium is a constitutional kingdom (the current king is Philippe) and a federal state.

Each region of Belgium is responsible for the environment, regional development, town planning, conservation, housing, scientific research, energy, employment and regional economic policy within their borders. However, some areas are shared with the federal state.

## BANKING SYSTEM

The Belgian banking system is controlled by the Belgian National Bank, which is responsible for all financial and monetary operations within the country. The Belgian Banking and FSMA closely supervise all activities within every sector.

The most widely represented banks are BNP Paribas Fortis, ING and KBC or CBC depending on the region but all of the main foreign banks, such as Morgan Guaranty Trust Co, UBS etc. are also well-represented in Belgium.

The Brussels Stock Exchange is the most important financial institution. Certain qualifications are required for obtaining a quotation on the Brussels Stock Exchange. In the case of foreign companies, the approval of the Minister of Finance is required. A large number of funds have been set up to provide venture capital to young and high-tech companies.

Belgium's currency is the Euro (EUR).

## ECONOMY

Belgium has a well-developed economy and all economic sectors are well-represented in Belgium.

Belgium imports nearly all of its raw materials and exports goods, mainly machinery and transportation equipment, chemicals, metals and food products.

Belgium has also developed an international reputation in biotechnology.

## CULTURE

Belgium is the meeting point for Europe's two main cultures, the Germanic and the Latin. As a result, the country is known for its open-minded nature throughout the continent.

## 3 – FOREIGN INVESTMENT

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Belgium's geographical location, multicultural population and history account for the country's highly international character. A crossroads and centre of trade for centuries, Belgium has preserved the best aspects of the Latin and German cultures. As a result, it is a very modern country with a highly developed infrastructure and an excellent standard of living. The Belgian population is known for its productivity, openness and language skills, and the quality of the Belgian workforce enjoys worldwide renown. For all these reasons, Belgium is among the most attractive regions in Europe and a leading country for investment.

Belgium guarantees all foreigners (companies or individuals) the freedom to set up a company or branch in the country. Foreign capital may be brought into the country without restriction. Income and operation profits may be repatriated without limit.

### MAIN REASONS TO INVEST IN BELGIUM

#### STRATEGIC LOCATION

Belgium is strategically located in the heart of Europe. It lies at the centre of the richest and most densely populated area in Europe. Thanks to its position, Belgium enjoys excellent access to Europe's key markets and suppliers.

#### EXCELLENT INFRASTRUCTURE

This strategic location has favoured the development of infrastructure since centuries. Currently, Belgium boasts a highly developed infrastructure of airports, roads, railways and ports. For instance:

- The port of Antwerp, the second largest seaport in Europe, is connected to the main international road, barge and rail networks, offering a large wide range integrated logistics solutions.
- 6 airports split in Belgium also ensure, for passengers and freight, a large wide range of integrated logistics solutions.
- Several European Railway Freight Corridors going through Belgium facilitate the growth of the freight needs

#### QUALITY OF BELGIAN STAFF

Belgians are flexible and innovative and are excellent at problem-solving. This is probably due to their high level of education and training which involves a one of the best productivity rates in the world.

#### QUALITY OF LIFE

Belgium is a pleasant place to live. Belgium occupies the 17<sup>th</sup> rank (on 189 evaluated nations) based on the standard of living published the United Nations. It could be a key factor for deciding the location of a new business.

#### BUSINESS INCENTIVES

Non-discriminatory treatment is the general rule in Belgium. Foreign companies, subsidiaries or branches have the same legal obligations and can apply for all the available incentives for which a national company can apply.

In order to achieve the best possible investment climate, Belgium's regions offer a comprehensive package of incentives, which can be mixed in such a way as to offer the optimal incentives combination. They range from direct aid as payment of a grant linked to an investment to favourable fiscal schemes, labour incentives and training measures:

- **TAX INCENTIVES:** the Belgian government take several measures to support economic growth to favour investments in fixed assets or to reduce tax rate on specific revenues. Some expenses could be exempted of taxes such as with the Tax shelter for corporate investments in the Belgian film industry.
- **FINANCIAL INCENTIVES:** The regions are solely responsible for granting financial incentives and grants are paid by the region in which the company settles or invests. In general, an investment subsidy is granted either as an interest rebate or as a capital premium, or a combination of both, depending upon whether the project is financed by a loan, is self-financing or a combination of both.
- **LABOR INCENTIVES:** in addition to high investment subsidies accorded to companies creating new employment, a number of grants have been issued for new employment. In principle, they are managed by the regional authorities and there are some differences in the application process (depending upon the region). Grants consist of a reduction in a company's social security costs.
- **EXPORT INCENTIVES:** the Belgian Foreign Trade Office provides information on foreign markets and trade fairs, as well as legal information on foreign trade. The goal is to secure new markets and develop contacts between Belgian exporters and foreign purchasers

You could obtain some additional information in the official following websites:

<http://why.brussels/>  
<https://www.investinwallonia.be/home>  
<https://www.flandersinvestmentandtrade.com/invest/en>  
<https://business.belgium.be/en>



## 4 – SETTING UP A BUSINESS

Foreign investors who intend to conduct commercial activities in Belgium can choose from a wide range of legal entities, with the choice depending on the business priorities.

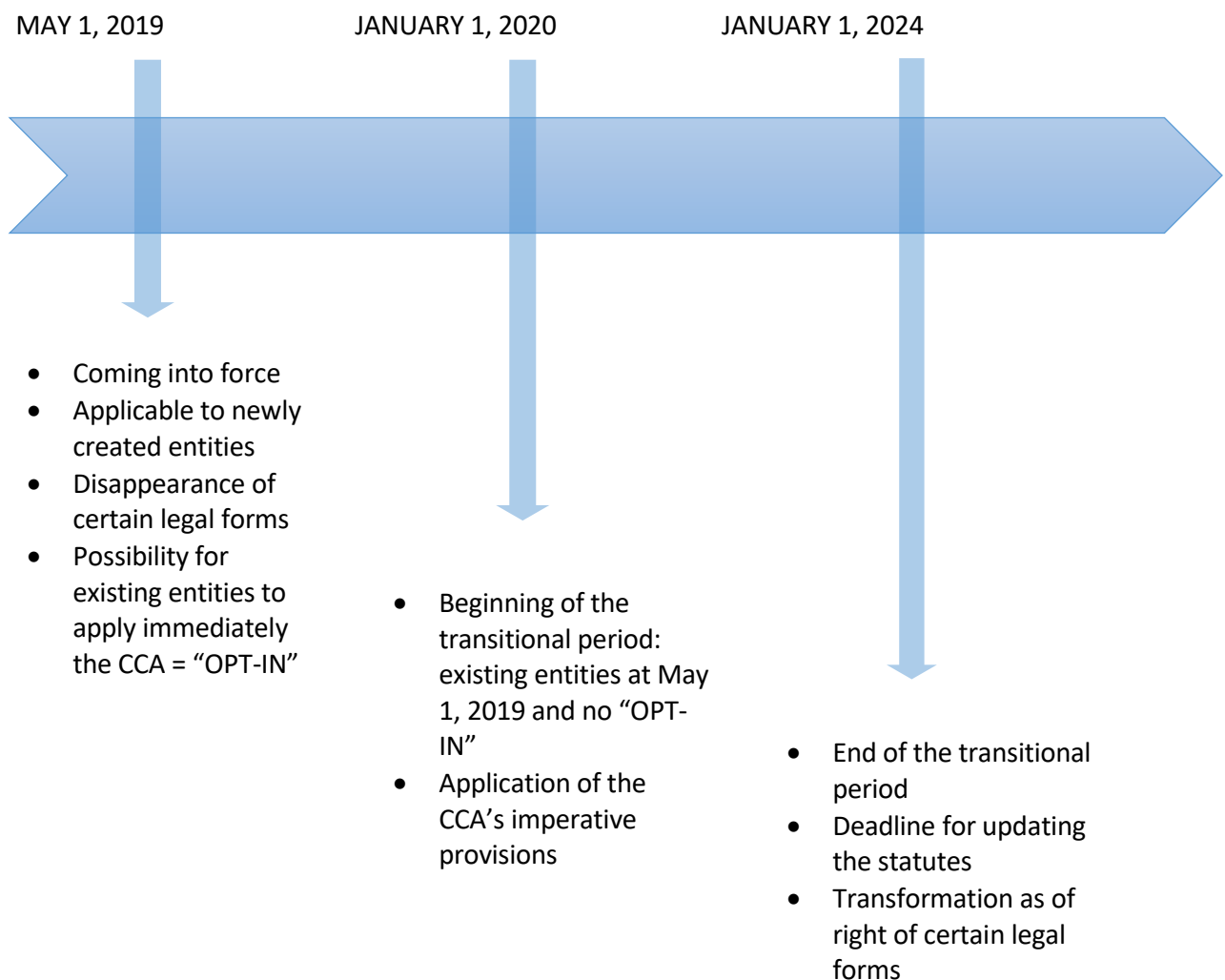
Foreign companies operating in Belgium have to decide whether they plan to operate:

- Through a branch (incorporated under the laws of a foreign country),
- Or through a subsidiary (incorporated under Belgian law with the same legal structures as Belgian ones).

All entities must be registered. The registration number must figure on all legal documents and invoices (incoming and outgoing). For a company liable for value added tax (VAT), the registration number is also the VAT number.

### NEW CODE OF COMPANIES AND ASSOCIATIONS (CCA)

#### KEY DATES



## TYPES OF BUSINESS ENTITY

### BRANCH OF A FOREIGN COMPANY

Any foreign company, which is a legal entity under the laws of its own country, is entitled to conduct business freely within Belgium through the constitution of a branch (*succursale - bijhuis*). However, a Belgian branch must fully comply with all the applicable Belgian law requirements.

Before setting up the branch, certain documents are needed:

- The company's articles of incorporation,
- The extract of the foreign Registry of Commerce or similar document that certifies the existence of the company,
- The resolution authorising the formation of the branch (including the name, Belgian address and description of activities, as well as a description of the branch official representative's powers).

These documents must either receive an apostil or be certified by the legal foreign entity's Belgian consul. They should also be published in the official language of the region where the branch has its statutory address.

The branch is considered as a permanent establishment and should be registered. This registration number must appear on all company documents (e.g. invoices, letterheads, orders, price lists etc).

The accounting law and the usual accounting standards are applicable to the branch. The branch must draw up annual financial statements, but those accounts have not to be deposited at the "Centrale Balance sheet Office" such as required for a company.

Other requirements coming from labor, VAT or tax administrations are applicable to a branch in a same way than for a company.

Foreign entities which own real estate in Belgium are considered as a permanent establishment for every activity in relation to the real estate. Registration duties are applied and VAT and income tax reports should be filed.

### COMPANIES AND THEIR LEGAL STRUCTURE

The new company law has limited the number of legal forms for the profit-seeking companies:

- Limited company – LC (SRL); formerly Private limited company (SPRL)
- Stock corporation – SC (SA)
- General partnership (SNC)
- Private limited partnership (SCS)

The limited company and the stock corporation remains the most common.

Since May 1, 2019, some legal forms have disappeared and are converted as of right to another legal form:

- Share limited partnership – SLP (SCA) → Stock corporation – SC (SA)

- Cooperative company with unlimited responsibility – CCUL (SCRI) → General partnership (SNC)
- Cooperative private company with limited responsibility – CCLR (SCRL) → Limited company – LR (SRL)

A form of “simple company” always exists which is only an agreement between 2 or more natural person or companies to meet a specific aim. This form replaces “internal companies” or “momentary associations”. This agreement is under private seeing. This kind of association must also comply with accounting rules and VAT requirements but must not publish the yearly accounts.

The Companies’ Law determines the specificities of each legal form. The following sections provide an overview of the general rules and differences between the major kinds of companies.

## EUROPEAN STRUCTURE

The CCA also mentions some specificities for less used legal form:

- The European company
- The European cooperative company
- The economic interest grouping
- The political party and European political foundation

## GENERAL ORGANIZATION OF COMPANIES

### SETTING-UP OF COMPANIES

A Notarial deed is necessary to set up a company. The notarial deed must be published in the official Newspaper “*Moniteur Belge- Belgisch Stadblad*”. The statutes of a company include a lot of information related to:

- The legal form,
- The name of the company,
- The head office and the region(s) where it could be moved on decision of the board,
- The aim of the company,
- The duration,
- The capital and/or the contributions in kind of in cash,
- All information related to further contribution,
- All information related to the kind of shares and the transfer of shares,
- All information about the internal rules for the general meetings,
- All information about the internal rules for the board,
- The period covered by the accounting year,
- Specific rules for liquidation.

The notary deed includes also the identification of the founders and the first decisions related to the appointment of the board and the auditor such as the exact duration of the 1<sup>st</sup> accounting year.

The founders must sign the notary deed in person or by proxy.

A business plan is required for each setting up of a company. This business plan must include specific information such as:

- The planned activities,
- The financial means,
- The forecasting, opening balance sheet and balance sheet for 2 years, budgets and income statements for 2 years and cash planning with a description of the assumptions taken for the budgets.

## ASSOCIATES AND SHAREHOLDERS

The minimum number of associates in a company varies according to the legal form of company (see summary table on page 15). With the entering into force of the CCA, it is now possible to set up a limited company or a stock company with only one associate.

## CAPITAL

The summary table on page 15 gives the minimum subscribed capital and the minimum paid-up capital for each legal form. With the new CCA in May 1, 2019, you no longer need to provide a capital when you set up a limited company (SRL formerly the private limited company - SPRL). The absence of capital is counterbalanced by a more detailed financial plan which must be provided by the associate(s).

Capital can be paid only for 25% of the subscribed value if the minimum requirements are met and if shares are nominative.

Capital can be paid by contributions in cash or in kind, for which an economic valuation is required. In both cases, the founders of the company must supply the notary with a financial plan showing that the subscribed and paid capital of the company is sufficient for its normal operating requirements over the next two years:

- In accordance with Belgian law, each person appearing in the statutes of the constitution is a founder (except in a stock corporation). The responsibility of the founders can be jointly implicated in case of bankruptcy if the subscribed capital was clearly insufficient
- Shares are generally nominative. Bearer shares are only possible in case of a public entity.

If the capital is liberated in cash, this money must be deposited in a Belgian financial institution account specially opened in the name of the company to be incorporated. The account and the funds must be reserved and remain frozen until the financial institution is advised by a notary that the company has been duly incorporated. An attestation is delivered to the notary.

If a natural person wants to transfer his/her activities to a company, he/she can do this through a contribution in kind or a sale. For both cases, a special report of a chartered public auditor is requested.

After setting up of the company, it is always possible to increase the capital. The Capital can be increased by a contribution in kind or in cash. The board must justify the necessity and the valuation of any contribution in kind. An auditor must give an opinion about the valuation. Previous shareholders receive a preferential subscription right. The shares to subscribe in cash must be offered by preference to associates proportionally in line with the capital representing their shares.

A reduction of capital is submitted to rules of protection of the creditors in cases of repayment to associates.

## DURATION

Unless notified otherwise in the articles of incorporation, the duration of a corporation is unlimited.

## SHAREHOLDERS MEETINGS

An ordinary shareholders' meeting must be held once a year to approve the annual year accounts in the six months following the end of the accounting year. The purpose of the ordinary shareholders meeting is the approval of the yearly financial statements, the allocation of results and the discharge of the board and auditors from their responsibilities for the closed accounting year and their re-election or dismissal.

Extraordinary shareholders' meetings could be held at the request of the board, of an auditor or of part of the shareholders.

Specific shareholder meetings must be held under certain conditions. These meetings must be called to approve specific operations such as an increase of capital, a change in the aim of the company, a change of the legal structure, a merger or a split, a change in the articles of association (incorporation) or for specific cases such as a loss of more than half the capital etc.

## BOARD

The general shareholders meeting appoints the directors. The directors constitute the board of directors. The directors do not have to be shareholders and there is no residence or nationality requirement. The daily management of the company's affairs may be delegated by the board to one or more managing directors or even to a person who is not a member of the board of directors.

In a limited company, the board of directors could be limited to 1 person. Since May 1, 2019, in a stock corporation too.

The term of office of a director is limited to six years for a stock corporation. In other cases, it can be limited or unlimited.

When a manager of private limited company is appointed in the statutes, he/she can only be revoked of his mandate on serious grounds or with the unanimous agreement of the associates.

The new CCA involves new appointment rules, for instance:

- Each company A, appointed as director of another company B, must assigned, as permanent representative of the company A, a natural person.
- And in this case, this natural person can't be the second member of the board for the company B.

Following the entry into force of the CCA, the director's responsibility has been also capped (except in case of gross negligence which has resulted in bankruptcy):

Average annual turnover in the last 3 years:	AND/OR	Average total of the balance sheet in the last 3 years:	Liability limited to:
Turnover < or = 350.000€	AND	< or = 175.000€	125.000€
Turnover < or = 700.000€	AND	< or = 350.000€	250.000€
700.000€ > Turnover < or = 9.000.000€	OR	< or = 4.500.000€	1.000.000€
9.000.000€ > Turnover < or = 50.000.000€	AND	< or = 43.000.000€	3.000.000€
50.000.000€ > Turnover	OR	< 43.000.000€	12.000.000€

## CONTROL & AUDIT

Each company could appoint a chartered auditor. It is a legal requirement when a company 2 of the following thresholds or if the company is listed in on the stock exchange:

- The annual turnover (excluding VAT) is **EUR 9,000,000**
- The total balance sheet is **EUR 4,500,000**
- The number of annual average workers is **50 or more**.

In case of a company is part of a group, these thresholds must be evaluated on the basis of the consolidated financial statements (not only on the basis of the statutory accounts of the Belgian subsidiary).

Small companies also could appoint a chartered auditor.

The audit could be entrusted to one or more auditors. The mandate of an auditor is for 3 years. He must be appointed by the general assembly. This decision must be published in the official newspaper. This assignment must be led in compliance with ISA 210 and the opinion is published with the financial statements.

In case of small companies (behind the thresholds mention above), it is also possible for the board to assign a chartered auditor or a chartered accountant for the control of a single financial statements. A specific standard has been put in place since 2019 in Belgium without reference to the ISA. The opinion could be a “reasonable” assurance or a “limited” assurance. The opinion is limited to the financial statements and does not cover the compliance with the regulations and is only internal (it is not published with the yearly financial statements).

## SPECIFICS RELATED TO A STOCK CORPORATION

There are two types of incorporation, by direct creation or by public subscription for stock companies.

The specific formalities for incorporation by public subscription are as follows:

- The founders shall present themselves in person or by proxy to the notary who will draw up the legal memorandum of incorporation which must be published, as well as other relevant information as required by law, with a view to finding potential subscribers,
- A meeting of subscribers must be held within three months,
- Capital will then be released,
- The report of the general meeting must be certified by the notary who shall ensure that the legal requirements have been met.

Formalities for direct creation follow the same rules as for the other legal form.

## SPECIFICS RELATED TO A LIMITED COMPANY

Seeing that the limited companies have no more “capital”, the allocation of dividends to the associates have been restricted depending on the financial breakdown of the company:

- Before any dividend distribution decision, a solvency test must be conducted to ensure that the net assets will not become negative as a result of the distribution. If yes, the decision can’t be taken.
- Before payment of the dividend, a liquidity test must be conducted. The board of directors must justify through a special report that the payment will not compromise the respect of the deadline for debts for a period of 12 months. If that is the case, the effective distribution can’t be done.

This restriction is also applicable to other remuneration such as royalties paid to the associates.

Table 1: Requirements by company type

	Limited company SRL	Stock corporation SA	General partnership SNC
Responsibility of the shareholders	limited to contribution	limited to contribution	private, unlimited, united
Minimum of shareholders	1	1	2
Minimum subscribed capital	no capital	61.500,00 €	-
Minimum paid capital		61.500,00 €	
Founders	founders	founders + subscribers	founders

## **ASSOCIATIONS – FOUNDATIONS – INTERNATIONAL ASSOCIATIONS**

Since May 1, 2019, the “Companies Code” has been replaced by the “Companies and Associations Code”. That involves that most legal requirements previously devolved to companies, are now applicable to the associations, the foundations and internal associations too.

It also involves that the associations could now, develop trade activities but the fundamental principle of “not earning profit for associates” remains: the principle of “not-for-profit” is replaced by the principle of “selfless”.

An association can be recognised as a public utility when it tends to the realisation of work in philanthropic, philosophical, religious, scientific, artistic, teaching or cultural fields. Such recognised associations are called public utility associations. Other associations are called private associations.



## 5 – LABOUR

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### LABOR LEGISLATION IN BELGIUM

#### EMPLOYMENT CONTRACTS

A contracted person working with a firm commits himself/herself to work and to follow the orders of the employer. The employer commits himself/herself to employ the employee and pay them a salary.

This 'subordination' relationship determines the nature of the employee's status without consideration for the type of work i.e. manual or intellectual. The status of being 'independent' is generally prohibited when there is a subordination relation (except for specific profession).

Different types of employment contracts are required for manual workers, representatives, domestic servants and so on. These contracts can be subscribed for a determined limited time, or for the realisation of specified work, but the most common are contracts for an unlimited period. Any contracts for a limited period are tightly overviewed. It is forbidden to draw up a contract with an employee for a limited period more than twice. If the work proceeds well and goes forward, the contract automatically becomes unlimited.

Employees are represented in parity committees that serve particular branches of industry. There are currently more than [150 parity committees and subcommittees](#). They determine the minimum salary levels and the general conditions of employment within the various sectors (branches of industry).

#### WORKING HOURS

On average, employment legislation lays down a maximum of either 7.5 working hours per day or 38 working hours per week.

Full employment throughout the whole year gives a minimal right for employees to take 21 holiday days (if the employee works five days per week) during the following year. Some sectors give employees the right to take more days' holiday. [Double holiday pay](#) represents [85%](#) of one month's gross salary.

Some sectors give right to a special allowance or bonus at the end of the year, which can reach one month's gross salary or more.

#### RESIGNATION OR TERMINATION

The normal retirement age is set at [65 years](#) (66 years in 2025 and 67 years in 2030).

The notice period for an employee formerly depends upon his/her wage, the number of years' service within the firm and his/her age.

When the contract has been concluded for an indefinite period, each party could end it by giving notice in writing. It's also possible to terminate these contracts with immediate effects and payment of an indemnity. Specific rules apply for protected workers (pregnant women, union members...).

## WAGES

The parity committees determine minimum salary levels per sector. Employers then follow the employees' market salaries (which take account of education levels, age, specialities, experience etc.).

Some benefits can be offered, such as extra-legal pension, a car, etc. If the employee contributes in accordance with the tax rules, these benefits are taxed and are not submitted for social security costs.

Overtime is compensated with a supplement payment of at least 50% of the normal rate and 100% if the overtime hours are worked during Sundays and public holidays.

Wages are linked to the movement of the cost-of-living index.

## GUARANTEED WAGES

In cases of illness or accident, an employee has the right to a guaranteed wage for one month; in the case of a worker, one week's non-participation in work precedes the guaranteed wage period. After the month has expired, social security intervenes.

## SOCIAL INSURANCE IN BELGIUM

Social insurance is a statutory/public insurance, which is compulsory for Belgian residents. Social insurance secures income in cases of:

- Unemployment
- Pension
- Disease
- Accident

The contributions are composed of a company's contribution plus a salary deduction. For employees, the company's cost is +/- 32% of the monthly gross salary and the employee's deduction is 13.07%. For workers, the calculation is based on 108% of the monthly gross salary. The company's cost is +/- 41%; the salary's deduction is 13.07%.

Companies have the responsibility of retaining the employee's contribution of salaries and paying the total amount of social insurance due. In addition, a withholding tax should be retained on salaries by the employer and paid to tax authorities.

Many companies award their employees an additional private (i.e. non-statutory) pension on retirement (through a group insurance plan or pension fund).

Independent self-employed workers are active in most industries and contribute to social security themselves.

## EMPLOYER AND EMPLOYEES ORGANIZATIONS

Employers are organised into industry-wide federations (e.g. Fabrimetal, Febelchim etc.), which in turn combine to form the National Confederation of Belgian Industries (FEB-VBO). There are three regional employers' organisations:

- The Flemish Economic Federation (VEV)
- The Walloon Industrial Union (UWE)
- The Brussels Federation of Companies (UEB/VOB).

Some employees are affiliated to trade unions. There is a trade union representing each political party.

## WORK COUNCILS

The National Labour Council is a body composed of an equal number of representatives from both employee and employer confederations. It is a consultative council, reporting to Belgian Parliament and the government on general social issues. It also advises on questions of competence arising in the parity committees. It must be consulted in all legislative matters.

Both commercial and non-commercial companies employing on average at least 100 people must set up workers' councils; the council is elected once every four years.

In general, the council has decision-making powers in three spheres:

- Fixing the dates of annual holidays
- The running of the company's social activities
- The framing and modification of regulations governing work.

Information must be given to the workers council by a company quarterly and yearly. The law lays down the kind of the information required (e.g. competition information, planned social evolution, financial statements etc.). These documents must be audited by the external auditor.

Companies employing on average at least 50 people must set up a health and safety committee.

## 6 – TAXATION

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**Taxation in Belgium can be classified into four main groups:**

- Direct taxes (income taxes)
- Value added tax
- Registration tax
- Inheritance tax.

### **DIRECT TAXES (INCOME TAXES)**

Under the terms of its tax sovereignty, the Belgian state has the right to subject to tax all elements which have a link with its territory. This principle, called ‘territoriality of tax’, has two aspects:

- Territoriality of people – persons or entities domiciled in the country are taxable on the whole of their income, including income which comes from abroad
- Territoriality of income – income produced or collected in Belgium is subject to tax, even when it is obtained by persons or entities domiciled abroad.

Treaties which prevent double taxation (through territoriality of tax) have been signed with main countries.

The Belgian Code of income tax makes a distinction between four categories of taxation:

- Individual/personal income tax (IPP)
- Corporation tax (ISOC)
- Tax on not-for-profit organisations (IPM) and compensatory tax
- Tax of non-residents (INR).

The IPP and the ISOC are based on the total income of the taxpayer. The IPM only focuses on the income of real goods, the income of capital and movable goods, and certain other incomes. The INR applies to income collected in Belgium by non-residents of the Kingdom – foreign individuals, companies, partnerships, joint stock companies and foreigners who are not part of any profit-making activity.

### **INDIVIDUAL INCOME TAX (IPP)**

#### **TAXPAYERS**

Persons having their fiscal residence in Belgium can be taxed in Belgium according to Belgian taxation rules on their worldwide income. Belgian tax authorities consider a ‘fiscal residence’ as any place in Belgium where the administration of a familial fortune is situated, regardless of nationality. Exceptions are made for expatriates. Individuals have to fill in an annual tax return based on the calendar year for their net income (with some adjustments for former years).

## TAXABLE INCOME

Taxable income is the worldwide net income that the taxpayer has realised or received during the preceding calendar year.

The taxable amount is determined by the nature of the income:

- Real estate income
- Income from financial investment and movable properties
- Professional income (remunerations, pensions, profits from commercial activity, profits from intellectual activity)
- Other income
- Profits from commercial or intellectual activities exercised during preceding years.

The revenues to be declared must be “net” revenues (costs deducted). The costs are the effective costs or lump sum costs depending on the nature of the revenues and / or on the choice of the declarant.

From the aggregate total net income, special deductions are allowed such as alimony payments, donations and charitable contributions and day nursery costs etc. All of these deductions must follow specific rules and conditions. Individual income tax may also be reduced within limits fixed by the Belgian tax law by amounts paid for life insurance, pension funds and mortgage capital.

## RATE OF INDIVIDUAL INCOME TAX

Some kind of revenues and under some conditions are separately taxed on the basis of a specific rate, such as dividends, interests, intellectual rights and some gains:

- For dividends and interests: a specific tax is withheld by the entity which paid the dividends and the interest. The more usual rate on capital income is 30%.
- Intellectual rights are taxed on a rate amounting to 7,5% under some conditions,
- Capital gains are untaxed under some conditions.

Other taxable income is subject to a progressive income tax schedule. For the fiscal year 2021 (accounting year 2022), the rates are as follows:

EUR 0.01–13,540	25%
EUR 13,541–23,900	40%
EUR 23,901–43,360	45%
More than EUR 41,060	50%

The tax is calculated by person even if some of them are living in the same residence.

The amount of taxes is increased by an additional tax levied by the provinces or municipalities (the average rate is 6– 10% of the income tax depending on the location of the residence).

## TAX PAYMENT

A tax is withheld each month on employees and corporate executive manager's incomes by employers and paid to the administration.

Independent workers have to pay quarterly tax advances, except during the 3 first years after the establishment as independent worker.

## CORPORATION TAX (ISOC)

### TAXPAYERS

All the companies resident in Belgium are subject to corporate income tax on their worldwide income. To avoid double taxation, Belgium has signed tax treaties with many different countries throughout the world. These treaties describe how the foreign income included in the total Belgian taxable income should be treated.

Branches of foreign companies having their fiscal residence in Belgium are also subject to Belgian income tax.

### TAXABLE INCOME

Taxable income is the worldwide gross income that a company has realised regardless the nature of this income. There are some exceptions:

- Dividends received by a Belgian company are **100% exempt** from corporate income tax (in order to avoid double taxation) if the participation of the Belgian company in the dividend-paying company qualifies as a permanent participation (the shareholder's company must hold a minimum of **10% in the capital** or the participation should be (acquisition price) at least **EUR 2,500,000**). Only shares that have the nature of 'financial fixed assets' could be taken into consideration for 'dividends-received deduction'. There are exemptions when the dividends are coming from a subsidiary located in a country with a substantially more favourable than in Belgium.
- Capital gains realised on shares are immune of tax but the loss realised is not deductible.
- Capital gains realised on tangible and intangible fixed could be immediately taxed or could be deferred under some conditions on reinvestment.

### TAX DEDUCTIBLE COSTS

All business expenses for earning or safeguarding income are 100% deductible, unless some kind of costs which are totally / partly fiscally rejected or submit to tax incentives. For instance:

- Partly deductible: restaurant costs, car costs, some social advantages etc.
- Totally rejected: some extra-legal social advantages such as private health insurance
- Tax incentive: mainly related to costs incurred to reduce energy consumption.

Some other costs are also subject to specific conditions. For instance, interest on capital borrowed for business purposes is deductible. However, this deduction is subject to conditions. For example, interest rates cannot exceed the normal market rate; a part of the interest on loans granted by shareholders could qualify and be taxed as dividends etc. This restriction does not apply to interest paid to Belgian banks or to recognised financial institutions.

### TAX LOSSES CARRIED FORWARD

Losses can be carried forward without a time limit. (Previously, incurred losses may not have been carried forward if there was a change in ownership which could not be justified by financial or economic reasons.)

Carry-back of losses is not allowed.

### TAX RATE

In 2018, the ordinary corporate income tax rate was reduced from 33% to 29% and becomes 25% in 2020. This rate is increased by an additional rate of 2% as additional contribution of crisis and will be cancelled in 2020 (tax year 2021).

A reduced tax rate of 20% is applied to SMEs (criteria fixed by art.15 of the CSA) for a first range on result till 100.000€ if the direction has a minimum salary of 45.000€ or at least, equal to the tax result of the company.

*Corporate income tax rates for SMEs (applicable for the income 2018 and 2019)*

TAXABLE INCOME	% WITH CRISIS TAX
EUR 0–100,000	20.40%
More than EUR 100,000	29.58%

*Corporate income tax rates for SMEs (applicable from the income 2020)*

TAXABLE INCOME	%
EUR 0–100,000	20%
More than EUR 100,000	25%

The corporate tax rate is 25% for all other company.

For companies realizing a tax benefit higher than 1.000.000€, a minimum tax must be paid because of some incentives are limited. It will involve a tax charge amounting to +/- 7,5% of the result above 1 million€.

### TAX DECLARATION

A tax form must be completed each year based on the yearly accounts approved by the general meeting. The deadline fixed by the administration is currently end of next year's September for a company closing end of December. In case of another date of closing, the delay is usually of 6 months.

## PAYMENT

The taxes must be paid by 4 quarterly advances: 10<sup>th</sup> April, 10<sup>th</sup> July, 10<sup>th</sup> October and 20<sup>th</sup> December to avoid an increase rate. In case of prepayments, a bonus is calculated. The rates (between 4 and 10%) is communicated each year by the administration.

## TAX CONSOLIDATION

Since 2020 (revenues 2019), the government will put in place a tax consolidation for group. Each company maintain separate tax basis but could contribute to the group losses in case of the companies are related for more than 5 years.

## TAX ON NOT-FOR-PROFIT ORGANISATIONS – IPM and COMPENSATORY TAX

### TAXPAYERS

If a not-for-profit organization carries on business, the same tax requirements than a company must be met (see above). A small trade activity is not assimilated to a 'trade activity' for tax purposes if the result is used for the development of the aim of the organization (for instance, the refreshment bar of a swimming pool).

### OTHER TAX REQUIREMENTS and TAXABLE INCOME

Nevertheless, a not-for-profit organization has 2 other tax requirements:

- Tax form IPM,
- And compensatory tax

Tax on not-for-profit organisations (IPM) is not imposed on annual net income. In general, such organisations must pay tax only on income subject to withholding tax (real estate, financial or movable incomes). Under the IPM, certain taxpayers can however also be subject to distinct contributions on other incomes or even on certain expenditure (such as capital gains on real estate or financial investments, disbursements which cannot be justified, some pension expenses etc).

The compensatory tax is calculated on the basis of the assets of the association. The rate amounts to 0,17%.

The form must be completed on the basis of the civil year whatever the accounting year.

## TAX OF NON-RESIDENTS (INR)

### TAXPAYERS

The following are applicable under INR:

- Non-residents of the Kingdom (physical people)



- Certain other individuals who are comparable with non-residents of the Kingdom
- Foreign companies
- Associations, establishments or organisations without legal personality, which have a legal form similar to that of a Belgian company and which do not have their registered office, principal establishment or office of direction or administration in Belgium
- Foreign states, their political subdivisions and local communities
- People/entities not having their registered office, principal establishment or office of direction or administration in Belgium who are not part of any profit-making activity (such as international organisations established abroad and of whom Belgium is member NATO, SHAPE, EEC, etc.).

## TAXABLE INCOME

These taxpayers are not taxable as *'ratione personae'*, since for tax purposes they have their domicile abroad. Consequently, tax in Belgium can only be imposed (in theory) on income produced or collected in the country.

Such income falls into the following main categories:

- Income from real goods
- Income from capital and movable goods
- Benefits from industrial, commercial or agricultural activities
- Profits of services or professions
- Benefits or profits of a former occupation
- Remunerations, pensions, revenues and allowances from a holding place
- Income, regardless of qualification, from an activity carried out personally by an artist or a sportsman, or certain other various individual incomes.

## EXPATRIATES

A special regulation for expatriates applies to foreign executives and researchers employed on a temporary basis in a Belgian permanent establishment of a foreign company, a subsidiary of a foreign company or in a Belgian company which is part of an international group. Expatriates qualifying for this special tax regime are taxable only on their income from Belgian sources. Refunds of expenses incurred by expatriates on behalf of the employer, as well as income from foreign sources, are not subject to Belgian tax.

## FOREIGN TAX

Foreign tax is credited against Belgian tax liabilities or deducted from taxable income.

## OTHER TAXES

### VALUE ADDED TAX

Each entity must be registered.

Value Added Tax (VAT) is due from taxpayers in the exercise of their business activities on the delivery of goods and services in Belgium or export/import from a non-EU country and intra-community transactions between EU countries.

Regarding exportation to a non-EU country or EU country, the nature of the transaction (the influencing place of transaction) and the client VAT situation should be taken into consideration when deciding whether to apply Belgian VAT or not. However, due to the new directive 'VAT package', it must be noted that there is a difference between the export of goods and services.

The most common VAT rates are:

- 0% (e.g. on daily publications, rents, recycled goods, etc.)
- 6% on goods classified as basic requirements such as food, travel, medicines, hotel accommodation, books, periodicals, etc.
- 21% for other goods and services

Special VAT rates are:

- 1% on gold as an investment
- 12% on social lodging & for some restaurant and catering products.

### REGISTRATION TAX

As a rule, registration tax is due on all of the deeds which are drawn up by public officers, including the notary public and the bailiff. Nevertheless, each person can also register any deed which is not drawn up by a public officer, in order to give to that deed a fixed date or to preserve his/her rights (e.g. for rental cases).

The most common registration tax rates are:

- Real estate transfers (purchase, exchange, usufruct) on a Belgian site – 12.5% in Brussels and Wallonia, 10% in Flanders
- Mortgage – 1%
- Rental contracts – 0.2% is applied to rent which has to be paid for real estate during the duration of a contract
- Donations – from 3% to 40% (depending on the relationship and the amount).

### INHERITANCE TAX

In the case of the death of a Belgian resident, inheritance tax is payable by the beneficiaries on the value of the properties of the deceased. In the case of the death of a non-resident, inheritance tax is levied only on the real estate property located in Belgium.

An inheritance tax return must be filed within five to seven months after the death date (for a death in Belgium five months, in Europe six months and outside of Europe seven months).

Donations made in a **three-year period** preceding the death are subject to inheritance tax if the donations were not included in the donation tax base.

The rate of the inheritance and donation tax fluctuates between **0%** and **80%**, depending upon the taxable amount, the region and the proximity of the relationship between the deceased and the beneficiary.

Tax incentive for inheritance tax: duo legacy

To reduce the global tax charge, a person who has no direct heirs, could decide to split his heritage between the heirs and an association which is low taxed, at charge of the association to pay the whole taxes.

## STAMP DUTY

There is a 'registration tax' on vehicles (of fixed amounts depending on horsepower and the age of the vehicle).

There is a tax on premiums paid into insurance contracts (**1.40%–9.25%**).

## RULINGS

A ruling could be requested in theory on every tax-related topic, although the law foresees circumstances in which no ruling can be introduced. Besides traditional exclusions, such as a pending dispute or problems regarding recovery and prosecutions, no rulings will be granted with respect to direct taxes if the essential elements of the described transaction or situation involve a tax haven on the OECD blacklist, or if there is no economic substance in Belgium. Tax authorities are bound by their reply for the future.

## TRANSFER PRICING

Price transfers can apply between a Belgian resident company or establishment and a foreign company belonging to the same multinational group in their trade or financial relation.

Under the principle of fair competition, the prices charged for transactions between related companies must be established by reference to the prices charged by independent companies. According to this principle, prices can be adjusted.

Required documentation for each Belgian company which meets more than 1 of the following criteria:

- Master file : form 275 for each Belgian company which meets more than 1 of the following criteria:
  - Total turnover: 50.000.000€
  - Total balance sheet: 1.000.000.000€

- 100 staff members
- Local file : form 275.LF: for each Belgian company which meets more than 1 of the following criteria:
  - Total turnover: 50.000.000€
  - Total balance sheet: 1.000.000.000€
  - 100 staff members
- Detailed local file for each operation between business unit when the total of the operation is higher than 1.000.000€
- CbCR : form 275.CBC for each ultimate parent company which a turnover higher than 750.000.000€ or if the ultimate company is located in a country with which there is no shared information or in a country which does not require such documentation or if the ultimate parent company charge the Belgian company to do it.

The documentation requires:

- Masterfile:
  - Corporate structure
  - Business description
  - Information related to the intangible assets
  - Financial structure
  - Financial statements, consolidated statements and rulings
- Local files:
  - Structure of the local entity (organigram, mother company, Business description and strategy, key competitors)
  - Description of the transactions (important transaction, functional analyze, applied method for transfer pricing, comparable, agreements)
  - Financial statements (statutory accounts, reconciliation with transfer pricing, intangible assets, etc.)

## 7 – ACCOUNTING & REPORTING

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The Law and its decrees prescribe the principles to be followed in preparing the annual financial statements, the format to be adopted, the publication requirements and the standard table of accounts that must be used in compliance with the European Community Directives.

Belgian commercial law requires each corporation to keep books, accounting records and all documents for at least ten years.

### STATUTORY ACCOUNTS

Published financial statements (statutory accounts) are standardised.

The standardised accounts depend on the size of the company:

- Large companies (if it exceeds either 2 or 3 of the following thresholds: turnover 9.000.000€ / total balance sheet 4.500.000€ / 50 workforce or if it is a listed company): full format model-company
- Small companies (if it exceeds no more than 1 of the above-mentioned thresholds): abbreviated format model-company
- Micro-companies (if it exceeds no more than 1 of the following thresholds: turnover 700.000 / total balance sheet 350.000€ / 10 workforce and if the company is not a subsidiary or a parent company): micro-format model-company

The standardised accounts depend on the size of the no-for-profit organization:

- Large associations / foundations (if it exceeds 1 of the following thresholds: turnover 9.000.000€ / total balance sheet 4.500.000€ / 50 workforce): full format model-association
- Small associations / foundations (if it exceeds no more than 1 of the above-mentioned thresholds): abbreviated format model-association
- Micro-associations (if it exceeds no more than 1 of the following thresholds: turnover 700.000 / total balance sheet 350.000€ / 10 workforce): micro-format model-association available for 2021. In 2020, if the micro-organization has chosen for a double entry accounting, the abbreviated format must be completed, if not the accounts could be always published in the Court.

The models are based on a same framework but it includes more extent appendices in the full format than in the micro-format. At least, each model includes:

- Identification of the directors (board members) and of the registered auditor if applicable
- Identification of the external accountant if applicable,
- The balance sheet,
- The income statement,
- The results allocation,
- The detail of certain accounts,
- The applied evaluation rules,

- If applicable, information about the published consolidated financial statements, the social balance, the yearly report of the board, the report of the chartered (registered) auditor.

According to the Company and Association Law, the accounts must be closed within the 6 months following the closing date of the accounting year and must be deposited, within the month following the general meeting, at the Central Registrar Office (*Centrale des Bilans*), where they are made publicly available.

The Belgian accounting system includes the following accounting principles:

- Fair statement of accounts
- A going concern perspective
- Consistency of accounting principles and presentation
- Prudence
- Matching of income and expenses
- Separate valuation of assets and liabilities.

## CONSOLIDATED FINANCIAL STATEMENTS

Firms are required to file consolidated financial statements in addition to their statutory financial statements, when more than 1 of the following thresholds (calculated on the consolidated basis) are met:

- Turnover : 34.000.000€
- Balance sheet: 17.000.000€
- Workforce: 250.

If the Belgian company is part of a group which publish consolidated accounts in Belgium or in another country, the shareholders meeting could decide not to publish consolidated accounts in Belgium. This decision must be mention in the statutory financial statements and the details of the place where the consolidated accounts could be consulted, must be mentioned.

However, if there is a workers council, non-published consolidated statements must be issued unless the workers council accept the decision of a shareholders meeting not to do so.

Since 2005, the consolidated accounts of companies listed on the stock exchange have had to be drawn up according to international accounting standards or IFRS (International Financial Reporting Standards). Non-listed companies have the option of using these standards for compiling their consolidated accounts.

There is no model for consolidated accounts drawn up according to IFRS or IAS.

A model exists for consolidated accounts drawn up according to Belgian GAAPS. This model consists of similar information to that of the statutory accounts with specific information related to:

- The companies integrated in the consolidation accounts and the applied method of consolidation,
- The companies excluded from the consolidation and the reasons.

## 8 – UHY REPRESENTATION IN BELGIUM

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## CONTACT DETAILS

UHY CDP Partners  
Square de l'Arbalète,6  
Brussels  
Belgium  
Tel: +32 2 663 11 20  
Fax: +32 2 663 11 21  
www.cdp-partners.be

## CONTACTS

Liaison contact: Chantal Bollen  
Position: Managing Partner  
Email: c.bollen@cdp-partners.be

Liaison contact: Jean Nicolet  
Email: j.nicolet@cdp-partners.be

## SOCIAL MEDIA CONNECTIONS

- LinkedIn: yes

Year established: 2008  
Number of partners: 9  
Total staff: 36

## OTHER IN-COUNTRY OFFICE LOCATIONS AND CONTACTS

Hauts-Sarts, Rue d'Abhooz, 31  
Herstal  
B-4040  
Belgium  
Tel: +32 4 264 26 44  
Fax: +32 4 264 64 31  
www.cdp-partners.be

## BRIEF DESCRIPTION OF FIRM

The firm is located in Brussels and Liège.  
Our staff is around 25.

We provide a wide range of services to start-up's, SME's, local or international companies and not profit organizations, working in the most important sectors in Belgium.

## SERVICE AREAS

- Audit : Legal and contractual assignments (statutory audits, consolidated accounts, package of consolidation in Belgian GAAP and IFRS, financial statements for specific purposes, system audit, audit of the procedures, etc.)
- Accounting and bookkeeping services
- International business services
- Corporate finance
- Business solutions
- Tax and VAT services

## SPECIALIST SERVICE AREAS

Due diligence  
EU subsidy projects  
Legal services  
International business services  
Judiciary surveys  
Assessment of damages



The network  
for doing  
business



Companies evaluation  
Governance  
ISA reports

#### **PRINCIPAL OPERATING SECTORS**

- Private sectors : industries, services, trading real estate, micro credit
- Mutual assurance system
- Public sectors : aid to development, public housing, education
- Non profit organizations : professional organizations, culture, joint ownership, climate, etc.

#### **LANGUAGES**

English, Dutch, French, Spanish.

#### **CURRENT PRINCIPAL CLIENTS**

Confidentiality precludes disclosure in this document.

#### **OTHER COUNTRIES IN UHY CURRENTLY WORKING WITH, OR HAVE WORKED WITH IN THE PAST**

France, Germany, Spain, Australia and US.

#### **BRIEF HISTORY OF FIRM**

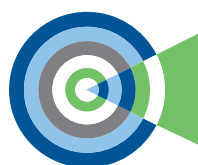
Chantal BOLLEN became chartered auditor in 1985 and worked in a first time with her father until his death in 1993. She created her own company in 1995 "Chantal BOLLEN & C° Réviseurs d'entreprises". In 1998, her activity has been transferred in the Company BOLLEN, MATHAY & C° which became an independent member of the network UHY in 2005. The company Bollen, Mathay & C° has been split in 2008 and her activity has been transferred in the company CDP CB & C° (for the audit activities-registered auditor's company) and CDP CB Consulting (for the accountancy activities-registered accountant's company) which join the association CDP Partners.

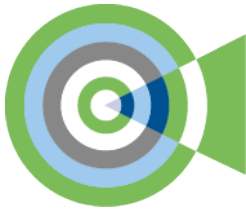
Vincent DE WULF became chartered auditor in 1990 and worked from 1986 to 1990 in the company KPMG. From 1990 to 2007, he worked in the company TOELEN, CATS, MORLIE & C° as partner. In 2007, he left this company to found the CDP Partner association with Damien PETIT and Alain CARDON. His own company is the CDP Vincent De Wulf & C° (registered auditor's company).

Damien PETIT became chartered auditor in 1993 and worked from 1989 to 1996 in the company Deloitte. He created his own company in 1996 (chartered auditor's company) and more recently the company CDP Conseils (chartered accountant's company) both members of the CDP Partners association.

Alain CARDON is chartered accountant and Tax adviser since 1987. His company is CDP Alain Cardon (chartered accountant's company) which is member of the CDP partners association.

Jean NICOLET is chartered auditor. His company is CDP Nicolet, Bertrand & C° which joins CDP Partners since the 01/01/2013.





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