Belgium

Tax overview

Corporate Income Tax	25%
Personal Income Tax	50%, progr.
Gift Tax (direct line)	3% / 3.3%
Inheritance Tax (direct line)	27% / 30%
Wealth Tax	None

Corporate Income Taxation

Corporations with their principal place of management in Belgium are subject to tax on world-wide income at 25%. Non-resident corporations are subject to tax only on source income.

Individual Income Taxation

Resident individuals are subject to tax on their worldwide income at progressive rates up to a maximum of 50%. There is also a Solidarity Tax of 0.15% on securities accounts of more than EUR 1MM. Capital gains on shares are normally exempted and dividends and interests are taxed at 30%. Belgium has gift and inheritance tax at the regional level at varying rates.

Anti-Avoidance Rules

Belgium has Transfer Pricing rules, Thin Capitalization rules, and Controlled Foreign Corporation (CFC) rules. Belgium also has General Anti Avoidance Rules (GAAR).

Controlled Foreign Corporations (CFCs)

CFC rules apply to Belgian resident corporations that hold more than 50% capital, voting rights, or profits of the CFC, and where the CFC is not subject to tax or is taxed a less than 50% of the Belgian corporate income tax rate.

In addition, any entity resident in a jurisdiction determined to be non-cooperative by the EU is considered to be a CFC. Belgian resident corporations are taxable on their pro rata share of the undistributed profits of the CFC.

Foreign Trusts

Belgium has not ratified the Hague Convention on the recognition of trusts. However, foreign trusts are recognized under principals of private international law, except where they contravene public policy, for example in forced heirship matters.

Under the Cayman Tax Law (CTL), introduced in 2015, foreign trusts and entities without legal personality are treated as “legal constructs”, as well as entities with legal personality that pay tax at less than 15%, or are resident in the EEA and pay tax at less than 1% based on Belgian accounting rules. There is a list of entities established outside the EEA that are presumed to be subject to a tax of less than 15% in accordance with Belgian law.

The “founder” of a legal construct (including his heirs after he passes away) who is a Belgian resident is taxed transparently on the income of the entity as if he had received it directly. If a Belgian resident is a beneficiary of a legal construct, the distribution received from the entity qualifies as a dividend and is taxed at 30%. Some exceptions apply. Where the settlor is non-resident in Belgium, and the beneficiaries are resident in Belgium, they will only be taxed in case of a distribution. On the death of the settlor, the trust becomes transparent to the Belgian resident beneficiaries, heirs of the settlor.

Double Tax Treaties (DTTs)

Belgium has a broad network of DTTs, which provide relief from double taxation, and clarity on the taxation of foreign investment.

OECD Multilateral Convention

Belgium is party to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters, which requires exchange “on request,” and authorizes spontaneous and automatic exchange.

Common Reporting Standard (CRS)

Belgium is a party to the Multilateral Competent Authority Agreement (MCAA) and has implemented CRS for the automatic exchange of information.

FATCA

Belgium has a FATCA Model 1 Intergovernmental Agreement (IGA) with the United States for the automatic exchange of account information.

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