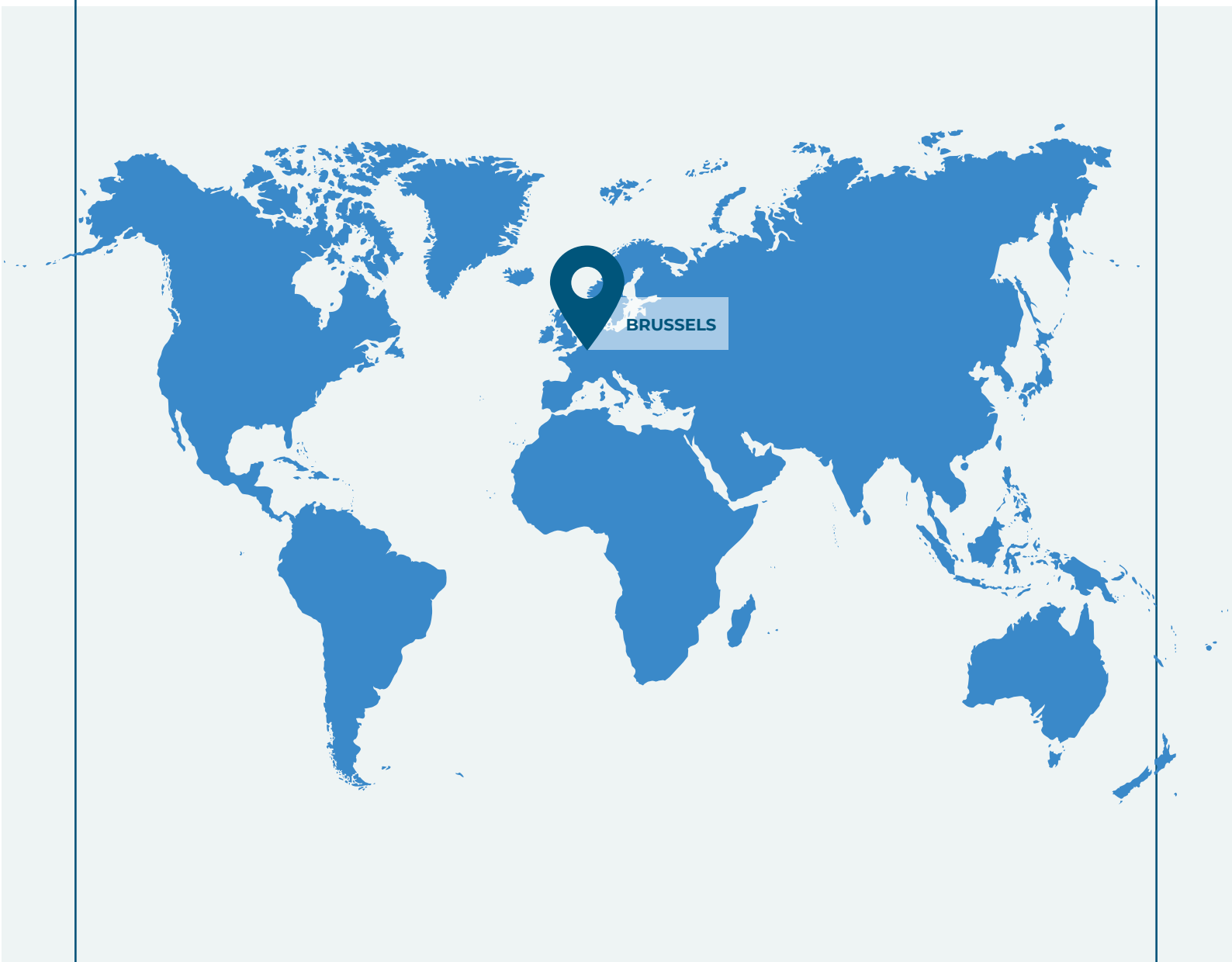


DOING BUSINESS IN BELGIUM



TO SET UP A BUSINESS IN BELGIUM YOU CAN EITHER:

- Open a branch office OR choose one of the different forms of company as a subsidiary

BRANCH	SUBSIDIARY
NOT a separate legal entity	Separate Belgian company in its own right
Appointment of a legal representative	Separate board of directors
No notary and no minimum capital	Minimum capital requirement for public limited companies and sufficient initial capital requirement for private limited companies
Involves less stringent requirements for legalisation and filing of accounts	Involves stringent requirements for legalisation and filing of accounts
Involves few corporate law requirements	Is subject to the provisions of the Belgian company law
Its liability extends to the headquarters abroad	Has limited liability
No dividend withholding tax on profits. Losses made by the branch can be immediately offset against the profits of the head office	Little or no dividend withholding tax during repatriation of the distribution of net profits
Tax free transfer of profits from the branch to the foreign head office	Application of extensive Belgian tax treaty network

TYPES OF SUBSIDIARIES AND THEIR CHARACTERISTICS:

There are 4 forms of companies, namely

Private Limited liability company (BV/SRL)	Public Limited liability company (NV/SA)	Coöperative company (CV/SC)	Partnership
No fixed starting capital, but sufficient initial capital	Minimum starting capital of 61500 euro	No minimum starting capital	Minimum share capital in the amount of EUR 1
Constitution can be by one shareholder	Minimum starting capital of 61500 euro	Constitution needs at least 3 shareholders	Constitution needs at least 2 shareholders
Transfer of shares is determined in the articles of association	Free transfer of shares but transferability can be limited in the articles of association	No free transfer of shares	Shares are on name and non-transferable
Perfect for small and medium-sized companies	Perfect for big companies	Perfect when main purpose is meeting the need of the shareholders	Simple constitution, because goods brought in constitute an undivided asset
Straightforward and simple, but with ample room for contractual structuring	More flexibility with respect to governance	Ideal for the development of the shareholders' social activity	Risky, because of personal and unlimited responsibility



TAXES

Corporate tax

Corporate income tax is paid by companies and permanent establishments of foreign companies on the profit. The rates are as follows :

	Small and medium-sized companies	Other companies
Bookyear 2025	25 % but: small companies can under certain conditions have 20 % on the first 100.00 € profit	25 %

There is a surtax of 6.75%, which can be avoid by making advanced payments by 10th of April, 10th of June, 10th of October and 20th of December. These gives a bonus of 9%, 7.5%, 6% and 4.5%

For the calculation of the tax there are a number of non-deductible costs added up to the profit.

The most important non-deductible costs are :

- A part of the automobile expenses. Depending on the vehicles emission there is a % to 50% of non-deductibility
- 31% of the vouched amount of restaurants costs, and 50% of the reception costs
- Taxes, including corporate taks and taxed collected by Regions are non deductible
- 40% of the amount computed as benefit in kind tot he beneficiary for the personal use of a company car.

There is a double taxation avoidment agreement with lot of counties.

Individual income tax

The total taxable income tax is the aggregate of net income or profits arising from an occupation or business and from real estate, some personal property, and miscellaneous sources, reduced by deductions that may or may not be set against total income. The maximum rate is 50%.

Withholding tax

Withholding tax rates are as follows :

- 30% on dividends (or 20% - 15% by a new incorporate belgian SME) on dividends paid by a Belgian company.
- 30% on Belgian source interest.

VAT

There are three rates of VAT

- 21% standard rate
- 12% on pharmaceutical products, fuel and power supplies
- 6% on necessities and services of a social nature (e.g. food and water)

Payroll tax

All forms or remuneration, including benefits in kind, are subject to social security contributions. The employer must deduct the employee's contribution and pay it to the social security administration together with the employer's contributions. The employer's contributions amount to approximately 27% of the total gross salary. The employee's contribution amounts to approximately 13,07% of the gross salary. All employees are entitled to four weeks' annual leave. During leave, the employee receives his or her normal monthly salary plus 92% of normal monthly salary – the "double holiday pay".



**WE TAKE YOUR BUSINESS
PERSONALLY.**



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