



ATLAS
BY BNP PARIBAS

CASH MANAGEMENT

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BNP PARIBAS

The bank
for a changing
world

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Belgium is a small open economy, underpinned by its diversification, high income per capita, a still sizeable net positive foreign asset position (45% of GDP in 2020), and the lack of big balance sheet adjustment pressures on the private sector.

One point of economic weakness in Belgium remains its high public debt ratio, which was 105% of GDP at the end of 2023, making it an outlier compared with countries with a similar credit rating. However, fiscal credibility is sound, and the country has proved in the past its ability to rein in this imbalance. In the early 1990s, the public debt ratio was as high as 135% but it steadily diminished and fell back to 87% in 2007. Its rise from that date to 2014 is a consequence of the global financial crisis followed by the European sovereign debt crisis. It has been back on a downtrend since 2015. Regarding fiscal deficit trends, Belgium managed to exit the excessive deficit procedure in 2014. The improvement since then is impressive as the fiscal deficit narrowed to under 1% of GDP in 2018.

Still, the reduction of the public debt burden continues to represent one of the country's main policy challenges in the medium to long term, with the Belgian Federal Planning Bureau expecting the ratio to go on rising until 2026 as a continued result of the budgetary impact of the Covid pandemic.

Other challenges include the impact of rising private debt burdens, an ageing population, slowing productivity growth and climate change.

Overall, economic growth in Belgium is expected to remain broadly stable through 2025.

Summary

BNP Paribas presence

BNP Paribas Fortis is the market leader in Belgium through a multi-channel network and extensive retail branch network. Corporate customers have access to 14 business centres in Belgium, and the bank's cash management competence centre is based in Brussels. Customers benefit from direct local clearing access, comprehensive services, including domestic instant payments, and dedicated local support. BNP Paribas' Global Trade Solutions (GTS) team operates from 6 trade centres in Belgium's major cities, supported by the bank's global trade finance competence centre which is also based in Brussels.

Currency

Currency

- Belgium uses the euro (EUR).

Exchange rates

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------------|------|------|------|------|------|------|
| Exchange rate: EUR per USD | 1.14 | 1.12 | 1.23 | 1.13 | 1.05 | 1.10 |

Source: IMF, International Financial Statistics, July 2024.

Central Bank

- The Belgian central bank is De Nationale Bank van België (NBB)/La Banque Nationale de Belgique (BNB) (www.nbb.be).
- The NBB/BNB is a member of the European System of Central Banks (ESCB) and operates certain activities, such as issuing currency, under the authority of the European Central Bank (ECB – www.ecb.europa.eu).

Bank supervision

- In November 2014, the ECB, via the Single Supervisory Mechanism (SSM), assumed responsibility for supervising the financial stability of banks operating within the euro zone. However, while the ECB has final supervisory authority over all banks operating within the euro zone, it will only directly supervise those banks classified as 'significant' under the terms of the SSM (115 significant banking groups have been recognized to date). 'Less significant' banks will continue to be supervised by the national supervisory authority, i.e. the NBB/BNB.
- The Financial Services and Markets Authority (FSMA – www.fsma.be) supervises the country's financial markets, financial products and intermediaries operating in the financial sector.

Bank accounts

Resident / non-resident status

- A company is generally considered resident in Belgium if its place of effective management is located there.

Bank accounts for resident entities

| | Within BELGIUM | Outside BELGIUM |
|------------------|---|---|
| Local Currency | Permitted without restriction, fully convertible. | Permitted without restriction, fully convertible. |
| Foreign Currency | Permitted without restriction, fully convertible. | Permitted without restriction, fully convertible. |

Bank accounts for non-resident entities

| | Within BELGIUM | Outside BELGIUM |
|------------------|---|---|
| Local Currency | Permitted without restriction, fully convertible. | Permitted without restriction, fully convertible. |
| Foreign Currency | Permitted without restriction, fully convertible. | Not applicable. |

Lifting fees

- [Lifting fees](#) are rarely applied on payments between resident and non-resident bank accounts.











BNP Paribas Cash Management Capabilities

Collections

| | |
|--------------------|---|
| Cash collections | ✓ |
| Cheque collections | ✓ |

| | |
|----------------------------------|---|
| Direct debit collections |  |
| Domestic incoming transfers |  |
| Virtual IBAN |  |
| Virtual accounts |  |
| International incoming transfers |  |
| Card acquiring |  |

Payments

| | |
|---|---|
| Cash withdrawals |  |
| Cheque payments |  |
| Direct debit payments |  |
| Domestic outgoing transfers |  |
| Commercial cards |  |
| Virtual cards |  |
| International outgoing transfers |  |
| SWIFT gpi |  |
| Real-time international payments through BNP Paribas' network |  |
| Card issuing |  |

Channels

| | |
|-----------------------------|---|
| Local e-Banking | ✓ |
| Global e-Banking - Connexis | ✓ |
| SWIFT/ host to host | ✓ |

Payments & collections

Market overview

The use of contactless payments has more than doubled because of the pandemic. About 82% of people use contactless payment methods, up from less than half in 2020 (47%). Contactless is the preferred payment option of 39% of consumers. While online purchases of less than €25 euro are mostly done with a debit card, higher ticket purchases are mostly done via local payment apps like Payconiq. QR-code payments is no novelty for 42% of consumers. Buy-Now-Pay-Later (BNPL) adoption is expected to grow steadily recording a CAGR of 12.2% during 2023-2028. In this area, BNP Paribas is present with its own brand, called Floa.

While BNP Paribas Fortis offer its own channel solutions ([Easy Banking Business \(web and mobile\)](#)), and the BNP Paribas Group solution (API, Connexis), the local multibank application (21 banks) is called Isabel 6. The latest version, ISABEL6, is a web-based standard. Electronic invoicing is also available via this partner provider. Larger companies have access to SWIFT for Corporates.

Payment Systems

| | | |
|----------------------------|-----------------------------|--|
| TARGET2-BE | Type | <ul style="list-style-type: none"> • Real-time gross settlement. • Belgian component of the pan-European TARGET2 system. |
| | Participants | <ul style="list-style-type: none"> • 18 direct, 58 indirect. |
| | Transaction types processed | <ul style="list-style-type: none"> • High-value and urgent EUR-denominated domestic and cross-border credit transfers. |

| | | |
|---------|---|--|
| | Operating hours | <ul style="list-style-type: none"> • 07:00 -18:00 CET, Monday to Friday. |
| | Clearing cycle details (e.g. cut-off times) | <ul style="list-style-type: none"> • Payments cleared and settled in real-time. • Interbank payment cut-off time = 18:00 CET. |
| | System holidays | <ul style="list-style-type: none"> • TARGET2 is closed at weekends and on 1 Jan, Good Friday, Easter Monday, 1 May and 25 and 26 December. |
| CEC CSM | Type | <ul style="list-style-type: none"> • Multilateral net settlement system. |
| | Participants | <ul style="list-style-type: none"> • 13 direct, 36 indirect. |
| | Transaction types processed | <ul style="list-style-type: none"> • SEPA payments (credit transfers and direct debits). • Payment card and electronic wallet transactions. • Paper-based payments (cheques, bills of exchange) which must be truncated into electronic items before processing. |
| | Operating hours | <ul style="list-style-type: none"> • 24 hours a day, Monday to Friday. • 09:00 to 14:00 CET, Saturday. |
| | Clearing cycle details (e.g. cut-off times) | <ul style="list-style-type: none"> • CEC CSM operates a number of same-day clearing cycles for different payment types: • Direct debits. Cut-off time = 10:30 CET. • Credit transfers. Cut-off time = 13:30 CET. • Bills of exchange = 13:30 CET. • Cheques. Cut-off time = 14:15 CET. • |
| | System holidays | <ul style="list-style-type: none"> • CEC CSM holidays are in accordance with those set by the French Banking Federation. |

Credit transfers

- Credit transfers are used by companies to pay salaries and suppliers, and to make tax and treasury payments.
- SEPA credit transfers can be settled via CEC CSM, SEPA.EU CSM, STEP2 or via correspondent banking networks.
- Approximately 45 banks in Belgium participate in the SEPA credit transfer scheme, 23 in the SEPA Instant scheme and 33 in the SEPA SDD scheme.
- High-value and urgent EUR-denominated domestic and cross-border (within the euro zone) credit transfers can be settled in real time via TARGET2-BE.

- High-value and urgent cross-border credit transfers can also be settled with end-of-day value via the Euro Banking Association's EURO1 system. Three banks – [BNP Paribas, ING Belgium and KBC Bank – participate directly in EURO1\[GV1\]](#) .
- High-value, cross-border credit transfers in domestic and other currencies can be processed via SWIFT and settled through correspondent banking and bank branch networks.
- The European Payment Council's SCT Inst scheme (a pan-European 24/7 instant payment scheme for SEPA credit transfers) enables the transfer of funds (the maximum threshold value is EUR 100,000) to another account in less than ten seconds.
- EBA Clearing and Italy's SIA Group have developed and implemented a pan-European platform for instant EUR payments called RT1. It is fully compliant with the SCT Insts scheme and is in line with the ISO 20022 global messaging standards for instant payments.
- TIPS is a pan-European service for the settlement of instant payments in central bank money. The service enables payment service providers and ACHs with access to TARGET2 to offer fund transfers 24/7, 365 days a year. TIPS is aligned with SCT Insts. It is primarily focused on EUR payments but is technically capable of settling payments denominated in other currencies.

Direct debits

- Direct debits are used for regular payments, such as utility bills.
- SEPA direct debits can be settled on a same-day basis via CEC CSM, the SEPA.EU CSM or STEP2.
- Some high-value direct debits with a value above EUR 500,000 are settled via TARGET2.

Cheques

- The cheque is not a common cashless payment instrument. It is used for very specific niche use cases by consumers.
- Belgian banks typically charge fees for cheque services.
- Cheques with a value of EUR 25 million or below are truncated into electronic items before being settled via the CEC CSM.
- Domestic currency cheques with a value greater than EUR 25 million, and foreign currency cheques, are processed manually. Clearing takes place bilaterally between banks via SEDUS, an application operated by Certipost (a Belgian Post and Belgacom joint venture). Once processed, these irregular cheques are cleared as credit transfers via TARGET2-BE or the CEC CSM.
- Cheque dropped from 60 million to just 0.6 mio cheques processed between 2000 and 2023, with a value of just EUR 1 billion (2000 = EUR 100 bln).

Card payments

- Card payments, particularly debit cards, are increasingly popular, especially for retail transactions.
- There were 37.7 million debit cards and 2.7 million credit and charge cards in circulation at the end of 2019. Bancontact debit cards are the most popular payment method in Belgium, accounting for 86% of all card payments.
- Bancontact combined to Visa Debit or Mastercard Debit are the most widely issued debit cards.
- Visa and MasterCard-branded credit cards are the most widely issued. American Express and Diners Club credit cards are also available.
- Most card payments are processed by Worldline.
- American Express and Diners Club credit card transactions are processed by the card issuing companies.
- Contactless card technology is available in Belgium.
- All cards issued are SEPA-compliant with EMV chips. As for all EEA, e-commerce payments are 3DS enforced.
- Debit card payments increased 12.3% in 2019, to 2,227.8 million. Value increased 8.5% to EUR 97.2 billion. Credit volume and value fell 2.4% and 7.3% respectively to 116.4 million, with a value of EUR 7.6 billion.
- BNP Paribas Fortis offers a de-dicated mobile app for the business card holders (e.g. employees that have been granted a credit card by their organisation) in order to consult and search for their transaction on the go, along with other features (such as Apple Pay,...).

ATM/POS

- The major Belgian banks mutualised their public ATM service via a separate enterprise called Batopin, which aims to have 970 cash points by end 2025.
- All ATMs and POS terminals are EMV-compliant.

Electronic wallet

- Mobile wallet schemes, including Payconiq, Apple Pay, Google Pay and Paypal are available and widely used and offered by BNP Paribas through Axepta.
- A consortium of BNP Paribas and various European banks (EPI) launched a new pan-European wallet service called Wero. The first use cases, centered on peer-to-peer payments start by end-2025 and will gradually expand to use digital payment use cases online and at the point-of-sale.

Short term investments

Market overview

Interest payable on credit balances

- Interest-bearing current accounts are permitted for resident and non-resident companies.

Demand deposits

- Demand deposits are available for both residents and non-residents.

Time deposits

- Time deposits are available in EUR and major foreign currencies for terms ranging from one week to one year.
- Some banks impose minimum investment limits.

Certificates of deposit

- Domestic commercial banks issue certificates of deposit with terms ranging from one week to 12 months. They are typically issued paying fixed interest.
- The minimum investment is EUR 250,000.

Treasury (government) bills

- The Belgian Debt Office issues Treasury bills in [OECD](#) currencies, which have maturities of up to three months.
- The Belgian Debt Office also issues EUR-denominated treasury certificates at a discount with maturities of three, six or 12 months. [Withholding tax](#) is not applied to interest.

Commercial paper

- Domestic [commercial paper](#) is issued by companies and public authorities with maturities ranging from seven days to 12 months.
- The minimum investment amount is EUR 250,000.
- Belgium's central bank, the NBB/BNB, has an electronic trading capability for [commercial paper](#) .
- Euro [commercial paper](#) (ECP) is issued by larger companies with a published credit rating. ECP can be issued in a range of currencies.

Money market funds

- Money market funds are not a popular short-term investment instrument in Belgium.

- Open-ended investment funds, SICAVs (sociétés d'investissement à capital variable), are available.
- International money market funds are also available to Belgian investors.

Repurchase agreements.

- Repurchase agreements with maturities ranging from overnight to one week are commonly available in Belgium.

Bankers' acceptances

- Bankers' acceptances are occasionally used in Belgium.

BNP Paribas Trade Finance Capabilities

Trade payments

| | |
|-------------------------|---|
| Documentary credits | ✓ |
| Documentary collections | ✓ |

Guarantees

| | |
|---------------------------|---|
| Bank guarantees | ✓ |
| Standby letters of credit | ✓ |

Supply chain management

| | |
|-------------|---|
| Receivables | ✓ |
|-------------|---|

| | |
|-----------|---|
| Payables | ✓ |
| Inventory | ✓ |

Trade channels

| | |
|-------------------------------|---|
| Connexis Trade | ✓ |
| Connexis Supply Chain | ● |
| SWIFTNet Trade for Corporates | ✓ |
| Connexis Connect | ● |
| Connexis Guarantee | ● |
| SWIFTnet Supply Chain | ● |

- As a market leader for bank guarantees with a market share of 28% for documentary credits (in 2022), BNP Paribas Fortis Global Trade Solutions (GTS) offers a full range of products and services to optimise, secure and finance international trade transactions and to support Belgium corporates in their international development ambitions. The local GTS team includes 13 senior trade finance managers and advisors, supported by 78 qualified staff in the bank's service centre.

International trade

General trade rules

- As a member of the EU, Belgium follows the EU customs code and applies all associated regulations and commercial policies.
- Trade with other countries in the European Economic Area (EEA) and Switzerland is exempt from tariffs and other controls.

Trade agreements

- The EU has trade agreements in place with over 30 countries.
- The EU is currently in free trade negotiations with a number of countries, including the Association of Southeast Asian Nations (ASEAN), Australia, Indonesia, Mercosur (the Southern Common Market), Uruguay, and the USA. The EU-UK Trade and Cooperation Agreement came into force on 1 May 2021.

Imports / exports

| | | | | | | |
|------------------------|------------------------|-------------------|-------------------|--------------------|--------------|----------------------------|
| Imports | Cars | Refined petroleum | Diamonds | Packaged medicines | Natural gas | Medical cultures/ vaccines |
| Primary Import sources | Netherlands (16%) | Germany (13%) | France (10%) | USA (8%) | Ireland (5%) | China (5%) |
| Exports | Cars and vehicle parts | Refined petroleum | Diamonds | Packaged medicines | Natural gas | Medical cultures/ vaccines |
| Export markets | Germany (17%) | France (14%) | Netherlands (13%) | UK (8%) | USA (6%) | Italy (5%) |

Import / export volumes

| | | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--------------------------|------------------|---------|---------|---------|---------|---------|---------|
| Exports | - goods USD m | 253,403 | 274,786 | 297,440 | 327,156 | 314,369 | 298,743 |
| | - services USD m | 112,596 | 113,789 | 117,564 | 124,094 | 121,928 | 116,045 |
| Imports | - goods USD m | 251,880 | 274,780 | 293,792 | 327,659 | 310,515 | 297,457 |
| | - services USD m | 106,653 | 108,660 | 114,139 | 124,874 | 122,530 | 115,388 |
| Current account as % GDP | | - 0.2 | - 0.6 | 1.2 | - 0.8 | 0.4 | • - 0.2 |

Trade finance - Imports

Documentation

- Documentation is not required for imports from within the EU, although a commercial invoice should be supplied.
- The following documentation is usually required in order to import goods into Belgium from outside the EU:
 - customs declaration
 - commercial invoice
 - bill of lading
 - packing list
 - certificate of origin (in certain cases).

Import licences

- Import licences are required for certain items (e.g. certain textile and steel products, diamonds and weapons) from outside the EU.
- Import licences with quotas are required for certain steel products from Kazakhstan and for certain textiles from Belarus and North Korea.

Import taxes and tariffs

- Tariffs are set according to the EU customs code for all imports from outside the EU, with higher tariffs for agricultural imports than for non-agricultural imports.

Financing requirements

- None

Risk mitigation

- None

Prohibited imports

- Belgium prohibits the import of certain items in line with EU regulations and UN Security Council resolutions.
- Specific imports are prohibited in order to protect fauna and flora, for health and safety or moral reasons, and/or for national security.

Trade finance - Exports

Documentation

- Documentation is not required for exports from within the EU, although a commercial invoice should be supplied.
- The following documentation is usually required in order to export goods from Belgium outside the EU:
 - customs declaration
 - commercial invoice
 - bill of lading
 - packing list
 - certificate of origin (in certain cases).

Export licences

- Licences are required for exporting strategic items, weapons and diamonds.

Export taxes and tariffs

- None

Financing requirements

- None

Risk mitigation

- Belgium has implemented the EU directive on export credit insurance.
- Delcredere/Ducroire, Belgium's national export credit agency, provides state-supported export credit insurance.
- Export credit insurance is also available from private insurance companies.
- Export financing is available from commercial banks.

Prohibited exports

- Belgium prohibits the export of certain items in line with EU regulations and UN Security Council resolutions.

Regulatory requirements

Reporting regulations

- There are no mandatory reporting regulations in Belgium.
- Surveys on international trade in services, foreign direct investments and other investments, as well as portfolio investments are carried out by the NBB/BNB.
- A representative sample of approximately 10,500 resident companies are surveyed: larger companies on a monthly basis, others on a quarterly or annual basis. The companies selected in the sample surveys must report all their transactions with non-resident companies.
- A sample of large companies, based on threshold criteria, and an annually updated sample of small companies are surveyed on international trade in services.
- Threshold criteria also applies to surveyed entities on foreign investments.
- A sampling approach applies to surveys on trade credits.
- Portfolio investments and other surveys are subject to an exhaustive selection of entities.

Exchange controls

- Belgium does not apply [exchange controls](#).
- Restrictions apply to foreign investment in specific industries (accounting, legal services and Belgian shipping and airlines).

Taxation

Resident / non-resident

- A company (or legal entity) is considered resident if its registered office, principal establishment or centre of management is based in Belgium.

Tax authority

- FOD Financien/SPF Finances (Federal Tax Administration). The federal, regional, and local governments have their own tax authorities. In principle, the tax authorities are competent only for the taxation and collection on the taxes of their own government level.

Tax year/filing

- Companies are taxed on the taxable income of each accounting year, which may be the calendar year or any other 12-month period.
- The tax return must be filed at least one month after the date the financial statements are approved by the annual general meeting of the shareholders, but no later than six months after the end of the financial year. The tax authorities can grant an extension of the filing date at the request of the taxpayer.
- Consolidated returns are not permitted; each company must file its own return.

Financial instruments

- The tax treatment of financial instruments is determined by the accounting treatment thereof. As such, there are no specific tax rules applicable to financial instruments.

Interest and financing costs

- Corporate taxpayers have been required to report aggregate payments above a threshold of EUR 100,000 per year to uncooperative jurisdictions, tax havens and low-tax jurisdictions. Such payments are only tax deductible if they are duly reported and the taxpayer proves that the expenses relate to real and genuine transactions and not artificial arrangements. Uncooperative jurisdictions are the

jurisdictions listed by the OECD. A Royal Decree lists the countries that are considered tax havens or low-tax jurisdictions. The countries listed are countries with no corporate tax system or where the nominal corporate tax rate is lower than 10%.

- Please also refer to the Thin capitalisation section.

Foreign exchange

- Foreign exchange results are considered to be embedded in the primary or underlying transaction and follow the tax treatment of that underlying transaction.

Advance tax ruling availability

- Taxpayers may obtain advance confirmation from the tax authorities regarding how the law will be applied to a particular situation or operation that has not yet had any effect from a taxation point of view. The Advance Ruling Commission operates as an autonomous public office within the Federal Ministry of Finance.
- The advance tax ruling procedure applies to all federal taxes. It may also relate to the regional taxes collected by the federal state, such as the tax on immovable property income.

Capital gains tax

- Capital gains derived by a corporation on the disposal of tangible and intangible assets are regarded as business income and subject to tax at the ordinary corporate tax rate. Tax deferral is possible subject to certain conditions. Capital gains from fixed income securities are taxed as profits. Gains derived from shareholdings in other companies are exempt if:
 - the shares meet the subject-to-tax requirement for application of the dividends received deduction;
 - have been held for an uninterrupted period of at least one year; and
 - the same minimum holding requirement that applies for the DRD is fulfilled, i.e. a shareholding of at least 10% or with an acquisition value of at least EUR 2.5 million.
- For taxable periods starting on or after January 1, 2020 and ending no earlier than December 31, 2020 (tax year 2021), no separate tax rate applies to capital gains. Gains not eligible for exemption are liable to tax at the standard corporate income tax rate of 25% (or the reduced rate for SMEs, if appropriate).
- Special rules apply to capital gains on shares in certain tax-neutral restructurings and to capital gains (and capital losses) on shares realised by 'trading' companies for transfers to and from their 'trading portfolio'.

Withholding tax (subject to tax treaties)

| Payments to: | Interest | Dividends | Royalties | Other income |
|-----------------------|----------------|----------------|-----------------------|--------------|
| Resident entities | 0%/15%/30% | 30% | 015%/30%/Various | None |
| Non-resident entities | 0%/15%/30% (1) | 0%/15%/30% (2) | 0%/15%/30%/Various(3) | 0%16.5% (4) |

1. Interest paid to a non-resident generally is subject to a 30% withholding tax (or 15% for interest from certain specific government bonds and interest from regulated savings deposits exceeding certain thresholds), unless the rate is reduced under the EU Interest and Royalties Directive or domestic law. Under Belgium's implementation of the EU interest and royalties directive and provided certain formalities are fulfilled, interest paid is exempt from withholding tax if the recipient is an associated company of the payer company and is resident in another EU member state or is a PE of such a company situated in another member state. Two companies are associated for these purposes if one company holds directly or indirectly at least 25% of the capital of each of the two companies. The companies must have a legal form listed in the annex to the interest and royalties directive and be subject to corporate income tax. The participation in the associated company must be held for a continuous period of at least one year. The exemptions under domestic law for interest paid to non-residents include interest paid by certain listed holding companies or holding companies owned by a listed company, interest paid by a Belgian bank or other financial institution and interest paid to financial institutions in treaty countries. Specific conditions must be met..

2. The default withholding tax rate on dividends paid to both residents and non-residents is 30%. Under Belgium's implementation of the EU Parent-Subsidiary Directive, no tax is withheld on dividends paid to a company established in Belgium or another EU member state that holds at least 10% of the company paying the dividends, provided the participation is held for an uninterrupted period of at least one year. The exemption applies to dividends paid to shareholders resident in a country that has concluded a tax treaty with Belgium where the treaty contains an exchange of information clause. The exemption also applies to qualifying shareholders established in a European Economic Area (EEA) member state or a country with which Belgium has concluded a tax treaty containing an information exchange clause, if the shareholder owns a shareholding in the Belgian payer company of less than 10% but with an acquisition value of at least EUR 2.5 million for an uninterrupted period of at least one year, to the extent that the Belgian withholding tax (if due) would not be creditable or refundable abroad. If no exemption applies, a reduced withholding tax rate can apply under an available tax treaty. Prior to October 1, 2014, the withholding tax rate on liquidation dividends was 10%. Under transitional provisions, companies could "lock in" the 10% rate without liquidating the company, i.e., by distributing a dividend (subject to 10% withholding tax) and immediately making a capital contribution for the net amount. Reductions of such share capital are not subject to any additional withholding tax if they occur after a certain period of time but within such period, capital reductions are considered as deemed dividends and subject to 5%, 10%, or 17% withholding tax, depending on when the capital reduction occurs.

A specific liquidation reserve regime applies for SMEs, under which, subject to certain conditions, no additional withholding tax is due upon the payment of liquidation dividends to corporate shareholders if a separate 10% tax is prepaid upon the creation of the reserve. Dividends distributions to individual

shareholders out of the liquidation reserve generally are subject to an additional withholding tax of 5%, 17%, or 20%, depending on the circumstances. . Capital decreases and reimbursements of assimilated issue premiums and profit shares are partially treated as dividends distributions for income tax purposes, thus triggering the levy of withholding tax. The capital decrease will be allocated to fiscal capital and to reserves according to a pro rata coefficient. The portion allocated to fiscal capital is excluded from the “taxable dividend” definition, and thus exempt from tax. To the extent the capital decrease is allocated to reserves, a “taxable” dividend is distributed, triggering withholding tax. Corporate tax may be due to the extent that the capital decrease is allocated to tax-free reserves incorporated into capital.

3. The withholding tax on royalties paid to both residents and non-residents generally is 30%, reduced by a standard expense deduction of 15%. The rate is 15% for certain income from literary and associated rights and from legal and compulsory licenses not exceeding EUR 62,090 (for tax year 2021). Above this threshold, the tax rate depends on the nature of the activity generating the income. Where the income is derived from professional activities, progressive tax rates apply; otherwise, the rate is 15%. Expenses can be deducted but are limited as follows: 50% of the first bracket of EUR 16,560 and 25% of the bracket between EUR 16,560 and EUR 33,110. The rate may be reduced under a tax treaty or where the EU interest and royalties directive applies. Under Belgium’s implementation of the EU interest and royalties directive, royalty payments are exempt from withholding tax provided the recipient is an associated company of the payer company and is resident in another EU member state or is a PE of such a company situated in another member state

4. Withholding tax also must be withheld on certain other payments to non-residents (both companies and individuals) at a rate of 33%. The effective withholding tax rate is reduced to 16.5% as the result of a 50% lump-sum cost deduction. Further reductions may be available under an applicable tax treaty..

Tax treaties / tax information exchange agreements (TIEAs)

- Belgium has exchange of information relationships with 120 jurisdictions through 102 double tax treaties and 20 TIEAs .
- Belgium, as part of the OECD/G20 Base Erosion and Profit Shift (BEPS) initiative, has signed a multilateral co-operation agreement with 30 other countries (‘the MCAA’). Under this multilateral agreement, information will be exchanged between tax administrations, giving them a single, global picture on some key indicators of economic activity within multinational enterprises (MNE). With country-by-country reporting, tax administrations of jurisdictions where a company operates have aggregate information annually relating to the global allocation of income and taxes paid, together with other indicators of the location of economic activity within the MNE group. It also covers information about which entities do business in a particular jurisdiction and the business activities each entity engages in. The information is collected by the country of residence of the MNE group, and then exchanged through exchange of information supported by such agreements as the MCAA.

Thin capitalisation

- Belgium has exchange of information relationships with 120 jurisdictions through 102 double tax treaties and 20 TIEAs .
- Belgium, as part of the OECD/G20 Base Erosion and Profit Shift (BEPS) initiative, has signed a multilateral co-operation agreement with 30 other countries ('the MCAA'). Under this multilateral agreement, information will be exchanged between tax administrations, giving them a single, global picture on some key indicators of economic activity within multinational enterprises (MNE). With country-by-country reporting, tax administrations of jurisdictions where a company operates will have aggregate information annually relating to the global allocation of income and taxes paid, together with other indicators of the location of economic activity within the MNE group. It will also cover information about which entities do business in a particular jurisdiction and the business activities each entity engages in. The information will be collected by the country of residence of the MNE group, and will then be exchanged through exchange of information supported by such agreements as the MCAA.

Transfer pricing

- Corporate taxpayers have been required to report aggregate payments above a threshold of EUR 100,000 per year to uncooperative jurisdictions, tax havens and low-tax jurisdictions. Such payments are only tax deductible if they are duly reported and the taxpayer proves that the expenses relate to real and genuine transactions and not artificial arrangements. Uncooperative jurisdictions are the jurisdictions listed by the OECD. A Royal Decree lists the countries that are considered tax havens or low-tax jurisdictions. The countries listed are countries with no corporate tax system or where the nominal corporate tax rate is lower than 10%.
- Please also refer to the Thin capitalisation section.

Stamp duty

- No stamp duty is levied on loan agreements.
- There is a stock exchange tax on transactions in public securities and other financial instruments.

Cash pooling

- There are no specific tax rules applicable to cash pooling arrangements.

Financial transactions / Banking services tax

- A tax on stock exchange transactions (*beurstaks/taxe boursière*) is levied at the rates of 0.12% on bonds and similar instruments, subject to a maximum payment of EUR 1,300; of 0.35% on stocks and similar instruments, subject to maximum payment of EUR 1,600, and of 1.32% on certain investment

funds, subject to a maximum payment of EUR 4,000.

- The tax has to be withheld by the financial intermediary (for conversion in dematerialised securities) or the issuer (for conversions in registered securities).

Other Taxes

- No capital duty except for a fixed fee of EUR 50. An exception may apply in the case of mixed contributions.
- A secret commissions tax at a rate of 50% or 100%, increased by a surcharge applies to certain remuneration, fees and commissions that are not properly documented and that have not been taxed in the hands of the beneficiary.
- No surcharge applies as of tax year 2021 (taxable period starting on or after January 1, 2020 and ending on or after December 31, 2020). The secret commissions tax also applies to “hidden gains”, i.e. turnover not reported as such. The tax rate amounts to 100%. The 50% rate on reincorporated hidden gains is abolished as from tax year 2021. The secret commissions tax does not apply where it can be demonstrated that the amount subject to the reporting obligation is included in the tax return filed on a timely basis by the beneficiary in Belgium or a foreign jurisdiction, or (ii) the beneficiary is unambiguously identified and the tax authorities are still able under the statute of limitations to subject the beneficiary to tax. The corporate tax income deduction for the secret commission tax is abolished as from tax year 2021.

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