

ROADMAP FOR FOREIGN INVESTORS IN BELGIUM

INTRODUCTION

The Belgian government is conscious of the great relevance of foreign investment in our country, and we are ready to meet the challenges it entails. Belgium is an excellent location for establishing your business: it lies at the heart of Europe and is characterized by stable political and social conditions, a well-developed financial structure, a highly qualified multilingual workforce, and other features that make the investment climate extremely healthy.

The implementation of an investment project involves a number of the issues outlined in this roadmap, providing an overview of how to proceed with establishing your business in Belgium. Please note that this edition has been updated as of Dec. 31, 2006. If you need more information, feel free to contact our federal and regional investment experts.



Marc VERWILGHEN

Minister for Economy, Energy, Foreign Trade and Science Policy

The Belgian government would like to thank you for your interest in Belgium as a business location. The roadmap for foreign investors in Belgium is produced by the Federal Public Service and gives an overview of the most important aspects to consider when investing in Belgium. The subject matters covered are doing business in Belgium, taxation, human resources, incentives and living in Belgium as an expatriate. The Federal Public Service website

(www.economie.fgov.be) can provide more complete and current information on a number of topics and, where appropriate, reference is made to various contacts and sites in this booklet. An overview of useful addresses and contacts are enclosed.

However, it is always advisable to seek professional advice before making an investment.

Federal Public Service Economy
General Direction SME policy
WTC 3 - Simon Bolivarlaan 30, B-1000 Brussels
T. +32 2 277 51 11
www.economie.fgov.be

1. Doing business in Belgium

Our "Doing Business" section provides comprehensive coverage of the most important aspects of establishing and operating a business in Belgium.

1.1. First steps in starting up

International companies investing in Belgium can choose from a wide variety of forms their new Belgian business will take, with the final choice depending on their development strategies. A business might have just one employee, or an investor could also make use of a sales representative or a sales agent. Longer-term solutions, such as establishing a branch or incorporating a subsidiary, can also be considered. A branch might be taxable or non-taxable, depending on the activities contemplated (e.g. branches performing operations of a preparatory or auxiliary nature are exempt from Belgian corporate income tax). Naturally non-Belgian individuals can also invest in Belgium as individuals.

Whether operating through a subsidiary, a branch or as an individual, every type of investment has its own legal and financial consequences, and requires particular formalities to be met. These are described in the following subsections.

1.1.1. General conditions applying to start-ups

Regardless of whether its investors are individuals, subsidiaries, or branches, nearly every business must meet certain conditions in order to establish a business in Belgium.

Age/civil rights/legal capacity

Basically, any individual who intends to start a professional activity as a self-employed person or anyone who would like to start his/her own business (e.g. through a subsidiary or a branch) must be of age, i.e. 18 years old. They must be in the possession of their civil rights. Consequently, they may not be deprived of such rights, for example, due to being sentenced on the grounds of fraudulent bankruptcy, fraud or serious error leading to bankruptcy. Of course, the starter must also have legal capacity.

Join a social insurance fund

Individual investors should also obtain coverage under the Belgian social security system by joining a social insurance fund (Dutch: sociaal verzekeringsfonds; French: caisse d'assurances sociales) within 90 days of starting their activities. Self-employed people can join a social insurance fund of their choice or they can join the National Fund (Dutch: Nationale Hulpkas, French: Caisse nationale auxiliaire). When exceeding this period, the National Institute for the Social Security of the Self-employed (Dutch: Rijksinstituut voor de Sociale Verzekeringen der Zelfstandigen; French: L'Institut national d'assurances sociales pour travailleurs indépendants) (Jan Jacobsplein 6, B-1000 Brussels, www.rsvz-inasti.fgov.be, T. +32 2 546 65 11) will provide for an automatic affiliation with the National Fund. The addresses of the social insurance funds can be found on the website of the Federal Public Service Economy, SMEs, Self-employed and Energy (Dutch: FOD Economie, KMO, Middenstand en Energie; French: SPF Economie, PME, Classes Moyennes et Energie), by clicking [here](#).

In case you would decide to invest as an individual (thus not by means of a subsidiary or a branch), you should obtain this coverage for yourself. A subsidiary and its self-employed directors or a non-Belgian company and its legal representative (if self-employed), must also obtain this coverage, depending on whether the form of investment is a subsidiary or a branch, respectively.

Someone who is self employed can exercise an occupation without being bound by an employment contract or statutes. Self-employed people have their own social security scheme and are subject to their own social security regulations. Employees do not have to join a social insurance fund. Their employers are liable for remitting the social security contributions (for more information on employment and social security regulations, please see section 3).

After having joined a social insurance fund, social security contributions must be paid to the social security fund. At the beginning of each calendar quarter (i.e. January, April, July and October), a notification of the due date is issued. The amounts must be paid not later than the end of the quarter. Starters have to pay “provisional contributions”. After 3 years, their contributions are calculated on the basis of the actual occupational income in the first year of activity. The contribution is a percentage of the occupational income. There are minimum and maximum amounts.

The social security scheme for self-employed people does not only provide for rights but also for duties. If all laws are observed, the self-employed persons are entitled to family allowances, health and disablement insurance, a pension and insolvency insurance. A precondition for qualifying for health and disablement insurance benefits is the affiliation with a health insurance fund. The health and disablement insurance provides for reimbursement of medical costs, but only for the so-called “high risks” (including operations, rehabilitation, hospital costs, and specific illnesses such as mental illnesses or tuberculosis). No compulsory insurance is required for “small risks” (including visits to the general practitioner or dentist, medicine costs) but it is possible to take out a voluntary additional insurance.

Opening a bank account

One of the first steps to be taken is opening a current account with a bank or other financial institution. This account must be a different account from the private account and it must be used for transactions relating to the enterprise. All the enterprise's documents and commercial papers, letters, invoices and other documents must state the number of the new account.

Requesting a VAT identification number

Any person (individual or legal entity) whose economic activity consists of performing supplies of goods or services, is, in principle, subject to VAT (Value Added Tax). These persons should apply for a VAT identification number in advance. The application has to be filed with the enterprise's local VAT Control Office. The Enterprise Counter Office (Dutch: Ondernemingsloket; French: Guichet d'Entreprise) can also do this for your business. The addresses of these offices can be found on the website of the Federal Public Service by clicking on [this link](#). The Enterprise Counter Office can also be requested to activate the business number as VAT identification number. For more information on the Belgian VAT system, please see also section 2.4.

1.1.2. Specific formalities to be met when establishing a business

Apart from the general conditions applicable to almost every investor, some formalities relate specifically to the activities the business will encompass, or to the persons establishing the business.

Basic knowledge of business management

General

Investors starting a business in Belgium must be able to provide with a certificate proving that they possess basic knowledge of business management (Dutch: basiskennis van bedrijfsbeheer; French: connaissances de gestion de base). This requirement, which aims to guarantee a professional business environment, is applicable to everyone starting a business or an enterprise, regardless of whether the investor establishes a branch, incorporates a subsidiary or invests in Belgium as an individual. It is irrelevant whether this activity is exercised as a principle activity or as an additional occupation. Specifically, this means that every investor wishing to start a commercial activity in Belgium must contact an Enterprise Counter Office. This Office will register the business as a commercial business after having examined the necessary permits and professional skills.

When contacting an Enterprise Counter Office (through which the registration in the Enterprise Crossroads Bank takes place, see hereafter), one must provide a proof of entrepreneurial skills. This means that they have to provide proof of business management (notions of law, commerce, accountancy, IT). The Enterprise Counter Office shall examine whether all conditions are fulfilled.

Enterprise Crossroads Bank

The Enterprise Crossroads Bank (Dutch: Kruispuntbank voor Onderneming - KBO; French: Banque Carrefour des Entreprises – BCE) is a register established within the Federal Public Service (it is a substitute for the Trade Register). It is a database which contains information on individuals, corporations or associations performing commercial activities in Belgium, employing staff or being subject to VAT. It is an electronic register that records, maintains, supervises and provides information with respect to the identification of enterprises.

The Enterprise Crossroads Bank contains a unique identification number and the identification data of the enterprises and entities. The Enterprise Crossroads Bank issues a unique identification number to every enterprise and every self-employed individual. An entity is a location where an economic activity is performed and which can be identified through an address. The Enterprise Crossroads Bank also issues an entity number, which in all cases is linked with an enterprise number.

For more information, please contact:

Federal Public Service Economy
Cel Kruispuntbank van de Ondernemingen
Leuvenseweg 44, B-1000 Brussels
T. +32 2 548 64 00
E-mail: info.kbo@economie.fgov.be
www.economie.fgov.be

Enterprise Counter Office

In agreement with the investor, the Enterprise Counter Office can act as an intermediary for all relations with the different administrations/departments. When giving a proxy to the Enterprise Counter Office, the Office takes care of all administrative formalities which need to be complied with. Accordingly, the Enterprise Counter Office shall act as a contact point for enterprises, self-employed individuals, starters, liberal professions and all entities subject to VAT with respect to their relations with all federal departments and, in the long term, with all regional departments.

A list of 10 ~~recognised~~recognized Enterprise Counter Offices can be found on the website of the Federal Public Service Economy by clicking [here](#). This list is limited to the registered offices for the respective Enterprise Counter Office. The choice of an Enterprise Counter Office is free and not related to the company's place of business.

For more information on Enterprise Counter Offices, we refer to:

Federal Public Service Economy
General Direction SME policy
WTC II, Simon Bolivarlaan 30, B-1000 Brussels
T. + 32 2 277 63 37, F.: +32 2 277 53 63
E-mail: OL@economie.fgov.be

Who must provide proof of basic knowledge of business management?

A. Subsidiary

The individual responsible for the actual daily management must provide proof of basic knowledge of business management. The basic knowledge of business management can be proven by the following persons:

A.1. In a company limited by shares:

- In case the daily management has not been delegated to an individual: the basic knowledge of business management can be proven by one of the directors being part of the Board of Directors.
- In case the daily management has been delegated by the Board of Directors: the basic knowledge of business management can be proven by the representative of the daily management. This could e.g. be an employee responsible for the daily management of the company.

A.2. In other companies:

- The representative of the management, e.g. the business manager of a private company with limited liability.
- The basic knowledge of business management can also be proven by a representative of the (daily) management of the company.

An active partner can never provide proof of basic knowledge of business management. However, an active partner can be taken into consideration in order to prove professional skills.

B. Branch

This formality must be met by the legal representative.

C. Individual

C.1. Yourself (as an investor)

C.2. A third party (i.e. an appointed person)

This could be the investors' spouse, co-habitant, self-employed assistant or an employee. The argumentation must be accompanied by a written mandate stating the subject (i.e. the daily management), the signatures of the mandator and of the appointed person accepting the mandate.

Also in this case, an active partner can never prove the basic knowledge of business management. However, an active partner can be taken into consideration for proving the necessary professional skills.

How will the proof of business management be provided?

A. By means of a diploma

The knowledge of business management can be proved by presenting a certificate or a diploma. For more information, it is possible to contact an Enterprise Counter Office. In case of an international diploma that is not known by the government, the diploma first needs to be examined by the Department Education. Accordingly, an international diploma should first be submitted to the government for approval. It should be emphasized that in particular cases, this procedure may be time consuming and, therefore, it is recommended to start this procedure in due time.

B. By means of work experience

In addition, the proof of business management can be provided by means of work experience when having experience in at least one of the following positions and if it can be demonstrated that specific conditions have been fulfilled (mainly, these conditions refer to the number of years of experience in the position in question).

B.1. Self-employed individual as head of a business;

B.2. A self-employed individual responsible for the daily management: either by means of experience in the daily management of a branch (for more information on branches, see section 1.1.4.), or by means of experience as a self-employed representative of the daily management of a subsidiary.

B.3. Self-employed assistant;

B.4. Employee in an executive position: as a rule, such a file should always be sent to the government for verification;

B.5. Cooperating spouse, legal or cohabiting partner: as a rule, such a file should always be sent to the government for verification;

B.6. EC declaration: this is a declaration concerning the number of years of work experience abroad; possibly supplemented with a prior training. An original EC declaration states in the letterhead Directive 1999/42/EC of the European Parliament and of the Council. This declaration can constitute evidence of required entrepreneurial skills for nationals who have acquired work experience in the European Union, Iceland, Norway, Liechtenstein or Switzerland: as a rule, such a file should always be sent to the government for verification.

For more information on this subject, please contact:

Federal Public Service Economy

General Direction SME policy

Enterprise Counter Office Service

WTC III, 26th floor, Simon Bolivarlaan 30, B-1000 Brussels

Contact persons:

David Navarra – T. +32 2 277 86 29 – david.navarra@economie.fgov.be

Erik Van Den Bergh – T. +32 2 277 69 65 – erik.vandenbergh@economie.fgov.be

Edwin Wolfs – T. +32 2 277 70 97 – edwin.wolfs@economie.fgov.be

What if the basic knowledge of business management cannot be proven?

In case the basic knowledge of business management cannot be proven by means of a diploma or work experience, an accelerated business management training course could be followed.

Depending on the starting period, the training course could take one year, one semester or three months. It is also possible to take an examination at the Central Examination Commission.

Professional skills (for specific activities/sectors)

Businesses performing certain activities or operating in certain industry sectors must provide a certificate proving that they possess basic knowledge of business management, as well as a certificate proving that they possess the necessary professional skills (Dutch: beroepsbekwaamheid; French: connaissances professionnelles). There are approximately 34 regulated professions for which a proof of professional skills is required (including the building industry, mechanics, etc.).

Who must provide proof of professional knowledge?

The possibilities for proving professional skills are identical to those for providing proof of basic knowledge of business management. However, proving your professional skills as an investor is also possible by allowing an active partner or an employee who is in charge of the daily technical management to provide proof of his/her professional skills. For individuals, the subject of the mandate for professional skills must clearly state that it refers to the daily technical management.

How will the proof of professional skills be provided?

The proof of professional skills can be provided by means of a diploma, qualification certificates, attestations or certificates concerning the occupation involved. Additional evidence for proving your professional skills could also be work experience in the occupation involved (as a rule, such a file should always be sent to the government for verification), examinations taken at the Central Examination Commission or training courses.

It is allowed that different individuals provide proof of basic knowledge of business management and of the necessary professional skills, which means that one person is allowed to provide proof of basic knowledge of business management while another person may provide proof of the professional skills. It is not unusual that a company performs more than one regulated activity. In this case, several individuals can meet the requirements concerning specific professional skills that are typical to each of these activities.

(Temporary) exemption from providing proof of business management and professional skills

Subsidiaries

In some cases, a (temporary) exemption from providing proof of business management and professional skills can be granted. This exemption applies, inter alia, for companies not being SMEs (total exemption). A company is not considered an SME if one of the following criteria applies:

- An average of 50 employees per year;
- A non-SME holds more than 25% of the shares of the company;
- Annual sales of more than EUR 7 million or an annual balance sheet total of more than EUR 5 million.

An exemption is also granted if an existing company is taken over (exemption of one year) or if the surviving spouse, legal or cohabiting partner must provide the proof (total exemption). The objective, however, should be that the activities of the company will be continued.

Individuals

The (temporary) exemption applies, inter alia, if an existing business is taken over (exemption of one year) and for the surviving spouse, legal or cohabiting partner (total exemption). The objective, however, should be that the activities will be continued.

In a number of cases, no proof of the basic knowledge of business management should be provided, in particular, if the company was registered in the trade register at the time of the introduction of the conditions on basic knowledge of business management (1 January 1999). A total exemption is also granted when the activity is stopped and then subsequently resumed, if its ownership changes, or if it has changed its legal form.

In addition, certain activities have their own regulations with respect to the basic knowledge of business management (total exemption).

Permit for street-trading activities

The minimum age for street-trading activities, i.e. the sale of products on a public marketplace, public highways or in the consumers' private houses, is 18 years. A prior ~~authorisation~~authorization is required and can be issued by the Federal Public Service Economy. |

An investor should apply for such a permit with the municipal authorities where the applicant resides. However, in order to obtain this permit, proof of basic knowledge of business management must be provided to any Enterprise Counter Office.

Certain street-trading activities do not require such a permit (e.g. selling during trade fairs). For further information on this subject, please contact the municipal authorities or:

Federal Public Service Economy
General Direction SME policy
Street-trading Service
WTC III, Simon Bolivarlaan 30, B-1000 Brussels
T. +32 2 277 87 60

Other licenses

Other specific activities require that various other licenses be obtained, such as the registration and recognition of contractors.

Registration and recognition of contractors

- Registration of contractors

Every individual or company that carries out construction works that are being considered immovable in nature must apply for a registration as a contractor with the registration commission that is part of the Federal Public Service Finance in their respective province. Consequently, the contractor has to indicate in detail for which registration category the application is being made. The registration is free of charge. This registration implies that they comply with all social and tax obligations. The list of works that fall in the scope of the regulation for contractors' registration includes actual construction works immovable in nature and a number of activities which are given equal status (delivery and installation of central heating, sanitary facilities, etc.). Individuals appealing to a non-registered contractor are personally liable for certain social and tax obligations of the non-registered contractor. In order to register, an investor could ask for registration forms that are issued by the Direct Tax Authorities. The application itself must be sent by registered mail to the President of the Registration Commission of the province where the main Belgian establishment is located. The addresses can be found on the website of the Federal Public Service Economy by clicking [here](#).

Foreign contractors who carry out construction works in Belgium on a regular basis and who would like to be registered as a contractor can also be identified in Belgium for VAT purposes at their own request. Such contractors can therefore obtain an individual VAT identification number at their explicit request, providing that the contractor carries out construction works in Belgium on a regular basis. Contractors who are established outside the European Union can only obtain a VAT registration number on the condition that a fiscal representative is appointed by the contractor. For contractors who are established inside the European Union, the appointment of a fiscal representative is optional.

For more information on this subject, please contact the following address:

Federal Public Service Finance
AOIF – Central Administration - Service II /1 Tower A
Koning Albert II laan 33 (North Galaxy), B-1030 Brussels
T. +32 2 336 43 69
E-mail: luc.bollen@minfin.fed.be

- Recognition of contractors (working for public authorities)

In order to qualify as a contractor for major construction works for the State or other public authorities, it is required that an investor disposes of a recognition as a contractor. This recognition is not required for small works. This recognition means that an official body, being the recognition commission will investigate your financial situation and your technical skills. A recognition can be requested at the following address:

Commission for Recognition of Contractors
Federal Public Service Economy
WTC III, Simon Bolivarlaan 30, B-1000 Brussels
T. +32 2 277 80 99

It should also be noted that - depending on the activities - contractors have to affiliate with one of the following scientific [centres/centers](#):

- For all building activities: Belgian Building Research Institute, Rue Lombard 42, B-1000 Brussels, T. +32 2 529 81 00, www.bbri.be;

- For all highway construction activities: Belgian Road Research [Centre/Center](#), Woluwedal 42, B-1200 Brussels, T. +32 2 775 82 00, F. + 32 2 772 33 74, www.brrc.be.

- Information

Except for the registration of contractors (that falls under the Finance Department), information can be obtained from:

Federal Public Service Economy
Service for Recognition of Contractors
WTC III, Simon Bolivarlaan 30, 6th floor, B-1000 Brussels
T. +32 2 277 80 99 or +32 2 277 89 14
E-mail: marc.duquet@economie.fgov.be

- Other activities

A permit or a recognition is required for certain activities. The activities are listed on the website of the Federal Public Service. However, the list is not complete. It is recommended that interested parties obtain information from the local public authorities.

1.1.3. Form of investment: Subsidiary/Independent company

Companies aiming at incorporating in Belgium may choose between operating through a subsidiary (incorporated under Belgian law) or a branch (incorporated under the laws of a foreign country). This subsection outlines the (most common) legal forms, the administrative

formalities and related costs, the accounting requirements and the taxation of a Belgian company.

1.1.3.1. Subsidiary: Legal forms

Subsidiaries are entities that are legally separate from their parent companies. Subsidiaries can be established by relocating a company to Belgium from abroad, or by choosing the generally simpler option of establishing or buying a Belgian company.

Companies in Belgium may take a number of legal forms, allowing non-Belgian individual and corporate investors to choose the form most appropriate for their investments. The three most common legal forms are the company limited by shares (with the French abbreviation being “S.A.”, and the Dutch being “N.V.”), the private limited liability company (French: “S.P.R.L.”; Dutch: “B.V.B.A.”), and the cooperative company with limited liability (Dutch: “C.V.B.A.”). In these three types of company the partners’ liability is limited to their contribution to the company.

Company limited by shares

In Belgium, the company limited by shares/stock corporation (French: Société Anonyme; Dutch: Naamloze Vennootschap) is selected mainly for larger enterprises. Its capital must amount to at least EUR 61,500. This amount must be fully paid in at the time of constitution by the founders (at least two). The company should appoint a board of directors of, in principle, at least three persons. The minimum number of directors can, however, be reduced to two if the company has only two shareholders. Daily management powers may be granted by the board of directors either to a director, who is usually referred to as the managing director (French: administrateur délégué; Dutch: gedelegeerd bestuurder) or to any other person (generally an employee of the company) who is usually referred to as the general manager. The person to whom daily management is delegated represents the company for such daily management.

Private limited liability company

A private limited liability company (French: Société à Responsabilité Limitée; Dutch: Besloten Vennootschap met Beperkte Aansprakelijkheid) is particularly interesting for small and privately held companies. Its minimum capital is only EUR 18,550, of which EUR 6,200 must be fully paid in at the time of constitution in case the company has two or more founders. The possibility also exists to establish a one-headed private limited liability company. In this case, an amount of EUR 12,400 must be fully paid in at the time of constitution by the (only) founder. The shares of the private limited liability company are always registered. The transfer of shares takes the form of a declaration of transfer in the shareholders’ register and is subject to certain transfer restrictions. A private limited liability company is managed by one or more managers. When choosing this type of company, the investor should take into account that in certain aspects the BVBA is less flexible than the NV (e.g. there is no possibility of issuing convertible bonds or profit certificates, no possibility of paying interim dividends, etc.).

Cooperative company with limited liability

The cooperative company with limited liability (Dutch: Coöperatieve Vennootschap met Beperkte Aansprakelijkheid) is a very flexible company form which is suitable for a corporation having a variable number of shareholders with variable contributions. Three partners are needed in order to constitute such a company. Its capital has two parts: a fixed amount, established in the articles of association, which must represent at least EUR 18,550 of issued capital, and a variable portion, which varies with the entry and exit of partners, capital increases or the taking back of shares. One quarter of all capital contributions must be paid in. Its shares are always registered. The transfer of shares takes the form of a declaration of transfer in the shareholders' register. A cooperative company with limited liability is managed by one or more managers.

European company

By establishing a European company limited by shares (SE), related companies have the possibility to operate as a European company in Europe. Establishing a SE can have significant advantages (amongst others the possibility of a regulated and straightforward international transfer of seat) as well as disadvantages (amongst others the price of the restructuring). Establishing a SE is only possible when certain conditions are fulfilled.

Other structures

Other structures may also be considered, including partnerships. Although partnerships, both general and limited, exist in Belgium, they are far less common than in other countries, for instance, the United States. There are several other legal forms that may be of interest to foreign investors. Organizations such as trade and other associations may choose to establish alternative entities such as non-profit organizations, philanthropic organizations or economic interest groupings. Also, joint ventures often opt for less common legal structures. We recommend that an investor discusses with his or her legal and financial advisors which of these forms is most appropriate to his or her specific situation.

1.1.3.2. Administrative formalities and related costs

Incorporation procedure

The legal steps for establishing a company are quite similar for all forms of companies. The incorporation procedure is similar for all such forms and consists generally of the following steps.

Choosing a corporate name and place of registered office

The choice of a corporate name is in principle free. An investor should however take into account that the name must be sufficiently distinct from that of any other company so as to avoid confusion. A prior name check can be very useful in this respect. An investor is in principle also free to choose the place of registered office. For more information on real estate issues, please also see section 1.4.

Drawing up the articles of incorporation and preparing the deed of incorporation

The articles of incorporation (French: statuts; Dutch: statuten) determine the rules governing the company and must be included in the incorporation deed (French: acte de constitution; Dutch: oprichtingsakte). The incorporation deed must among other things state the details of the shareholders who incorporate the company and specify the amount of the capital contribution made by each shareholder. At least two shareholders are required to establish a company limited by shares, the private limited liability company (except for the private limited liability company having only one founder) and the cooperative company with limited liability. Therefore, it is quite common that the foreign parent company will hold all but one of the shares, and one of the company's senior executives will hold the one remaining share. In such cases, the foreign parent company typically makes a declaration in the deed of incorporation to the effect that it accepts the entire founders' liability. The executive will then not be subject to such liability. The directors will be appointed on incorporation of the company.

Drawing up a business plan

For more information on this subject, please see subsection 1.2.

Transferring funds to a newly opened escrow account (for cash contributions)

Shareholders/founders may make contributions in cash or in kind or make a combination of these two. In case of a contribution in cash and prior to the execution of the incorporation deed, a bank account must be opened in the name of the company "to be incorporated" with a bank in Belgium and each shareholder must deposit the amount to be paid up on its shares in this account. This account remains "blocked" until the incorporation of the company, or failing such incorporation, for a period of three months, after which the funds are reimbursed to the candidate-founders who request this. The bank will issue a certificate, which must be delivered to the notary on the date of execution of the incorporation deed, confirming that the paid-up amount of the capital is in the bank account and that this amount shall remain blocked until such time as the bank has received a certificate from the notary confirming that the company has been incorporated.

Having the founders and an auditor draw up the appraisal reports (for contributions in kind)

Contributions in kind can consist of assets other than cash, provided that such assets have an economic value (e.g., real estate, shares in another company, a claim for the payment of an amount of money, etc.). In such cases, an appraisal report must be issued by a registered auditor. This report must describe the assets and the valuation methods applied. In addition, the founding shareholders must prepare a report stating the reasons why the asset contribution is in the interest of the company and, as the case may be, the reasons why they do not agree with the findings of the auditor's report. Both reports must be delivered to the notary on the date of execution of the incorporation deed. They, together with the incorporation deed (see below), must be filed with the clerk's office of the Court of Commerce (French: Greffe du Tribunal de Commerce; Dutch: Griffie van de Rechtbank van Koophandel) by the notary.

Executing the deed of incorporation before a Belgian civil-law notary

In most cases, the incorporation deed must be recorded in a notarial deed to be executed by the founders and a Belgian public notary. The founding shareholders must be present or represented when the corporate deed is enacted before the public notary. To be represented, a power of attorney must be provided and attached to the incorporation deed. For the incorporation of the most common legal forms of a company, a notary must be engaged to draw up and execute the deed. The following documents have to be presented: financial plan, proof of opening a bank account in the name of the company being formed (for the cash investment) and an auditor's report (for the investment in kind). This will assist you to comply with the formalities described hereafter.

Filing the deed of incorporation with the office of the Clerk of the Commercial Court

A company obtains legal personality separate from that of its shareholders as of the date of filing of the incorporation deed with the clerk's office of the Court of Commerce in the judicial district where the company has its registered office. This filing is handled by the Belgian notary who executed the incorporation deed. The notary is required by law to file the incorporation deed within 15 days. The clerk will enter the company's identification information in the Enterprise Crossroads Bank, which will issue a business number.

When registering with the Enterprise Crossroads Bank, a.o. the following information is mentioned: the name of the company, its abbreviated name, if any, the legal form, the address of the registered office, the date of the incorporation deed, the bank account number, the identity of the persons who are entitled to manage the company and to act on behalf of it, the date of dissolution when the company is incorporated for a fixed term, the end of the financial year, the date of the general meeting of shareholders, the amount of the capital, the identity of the manager, director or business manager who is in charge of the daily management of the company.

In principle, a company may not enter into any transaction (e.g., lease of premises, purchase of assets) until it has a legal identity. Subject to certain conditions, it is, however, possible for one or several persons to carry out a transaction on behalf of a company "in incorporation" prior to the moment when it acquires a legal identity.

Publishing an excerpt from the deed of incorporation in the Annexes to the Belgian Official Gazette

The company's incorporation deed must be filed for publication with the Belgian Official Gazette (Dutch: bijlagen bij het Belgisch Staatsblad; French: annexes au Moniteur Belge). The clerk will also arrange for the publication of the deed in the Belgian Official Gazette.

Registering the company with the Enterprise Crossroads Bank and obtaining an enterprise number through registration with an Enterprise Counter Office

Although the companies have already been registered in the ECB (Dutch: Kruispunbank van Ondernemingen; French: Banque Carrefour des Entreprises) and have obtained a business number through the clerk of the Commercial Court (see above), they also have to register themselves as a commercial enterprise at an Enterprise Counter Office.

Corporations and individuals must follow the same procedure to register as a trader. The following documents have to be presented (this list is not exhaustive): identity card (applicant's surname, first name, and national registration number), account number with a financial institution, proof of basic knowledge of business management and professional skills, if necessary, specific permits (e.g. for street-trading activities, professional card), an abstract of the articles of association and an attestation with respect to management mandate.

This registration is a presumption of being a trader (or a craftsman). For commercial or trading enterprises, the business number replaces the one in the trade register. This number will be identical to the VAT number (where applicable, see also section 2.4).

A company may not start business activities prior to its registration with the registry of commerce. It must be registered with the registry of commerce in the judicial district where it has its registered office, and with the registry of commerce in each judicial district in Belgium where it has a place of business.

Language of the incorporation documents

The language depends on the location of the subsidiary's registered office: Dutch in Flanders, French in Wallonia and either Dutch or French in the Brussels Capital Region. If the company has one or more places of business in different Belgian linguistic regions, the regulations on the use of languages in each of these regions must be complied with.

Timing and costs

Establishing a subsidiary in Belgium does not involve either translation costs or administrative legalization formalities and costs (in contrast to establishing a branch). A fee must be paid to the public notary who will enact the incorporation deed. Other incorporation costs include costs in relation to the publication in the Belgian Official Gazette of an abstract of the notarial deed, stamp duties and registration at the Crossroads Bank for Enterprises. A company can be established within a rather short period of time.

1.1.3.3. Accounting requirements

The Law of 17 July 1975 on the accounting and annual accounts of a company specifies the rules for keeping the books. It provides for an accounting system on the basis of financial years, based on a classification in the general accounting plan. Due to the structure of this Law

however, specific articles or implementation provisions apply only to companies that comply with specific requirements concerning dimension or operations.

Most companies are required to prepare and publish annual financial statements in accordance with the provisions of Belgian accounting law, as codified in the Belgian Company Code (Dutch: Wetboek van Vennootschappen; French: Code des Sociétés). Belgian accounting requirements may differ slightly from those in your home country. Your business may also be subject to the International Financial Reporting Standards (IFRS).

Small companies

A company is considered small when it has less than hundred employees and does not exceed more than one of the following criteria (on a consolidated basis):

- annual sales (excluding VAT) EUR 7,300,000;
- balance sheet total: EUR 3,650,000;
- 50 staff on average.

If a company complies with the criteria in the two preceding financial years, it will be considered as being a small enterprise in the third (i.e. the current) year. If the company's financial year is less than or exceeds twelve months, the annual sales will be converted pro rata.

Large companies

Large companies are companies that do not satisfy the criteria of a medium-sized company. A company with more than 100 employees is deemed to be a large company (in all cases).

Small companies as well as large companies are obliged to comply with certain Belgian bookkeeping standards, for instance:

- a system of books: chronological registration of the transactions: purchase, sales, financial transactions
- a system of accounts: a ~~standardised~~ standardized accounting schedule (bookkeeping plan)
- an inventory ledger: a detailed inventory in line with the bookkeeping plan
- annual accounts: balance sheet, profit and loss account, explanation and social balance.

These annual accounts have to be deposited at the National Bank within 30 days following their approval by the general meeting of shareholders.

Exemptions for small companies

Companies that qualify as “small” are permitted to publish abbreviated versions of their annual financial statements, and are exempt from certain other requirements. A small company’s financial statements need, for example, not be audited by an independent auditor¹. Furthermore, a small company is exempt from drawing up an annual report. For more detailed information, it is advisable to consult an accountant.

1.1.3.4. Taxation

In principle, resident companies are subject to tax on their worldwide income. However, the double taxation treaties that Belgium has concluded with a large number of countries often provide exemptions for income that is subject to tax outside Belgium. For more details on the Belgian corporate income tax system, please see section 2.

1.1.4. Form of investment: Branch

Unlike a subsidiary, a branch is not an entity that is legally separate from its parent company, but simply an extension of the non-Belgian parent company that has established it. The non-Belgian parent company, however, bears the full financial responsibility for its Belgian branch. Branches are headed by a legal representative.

1.1.4.1. Administrative formalities and related costs

Most branches should be registered in Belgium. In order to register, the non-Belgian company wishing to establish the branch must fulfill certain requirements in its own jurisdiction as well as in Belgium.

Formalities to fulfill in the foreign (non-Belgian) corporation's jurisdiction

An investor should gather a copy of the deed of incorporation of the foreign (non-Belgian) company, the latest version of the articles of incorporation and an extract from the trade registry with which the non-Belgian company is registered. An investor should also provide corporate resolutions. The foreign corporation’s board of directors (or any other competent corporate body under the law governing the company) must formally adopt resolutions deciding to open the branch office, appointing in Belgium a legal representative for the purposes of managing the branch and representing the company in dealings with third parties and in legal proceedings in connection with the activities of the branch and designating those who are authorized to legally bind the corporation.

For filing purposes with the clerk's office of the Court of Commerce, the following documents must be included in, or attached to, an affidavit (certificate) issued by the foreign corporation's

¹ Provided that certain conditions are fulfilled.

secretary (or any other duly authorized officer), certifying that the attached documents are true copies of the articles of incorporation and the articles of association as currently in force:

- The corporate resolutions; these resolutions must be signed by the foreign corporation's competent corporate body (usually the board of directors); thereupon, the public notary of the home country has to legalize the signatures of each member of the competent corporate body;
- A document certifying the foreign corporation's existence (copy of the registration of the foreign company with the "Company House" if company legislation in the home country provides for such a registration);
- A copy of the foreign corporation's articles of incorporation and articles of association (if the latter are contained in a separate document) or an amended and restated version of these documents as currently in force if there have been amendments (to be notarized by a public notary);
- Various information about the foreign corporation and its Belgian branch (e.g., principal place of business of the company, address and activities of the branch, etc.).

These documents should then be certified and legalized/authenticated, and possibly have an apostille (stamp) affixed to them.

Formalities to fulfill in Belgium

There are also requirements to be met in Belgium, such as obtaining a translation by a sworn translator of the above-mentioned documents (affidavit and all attached documents) into either Dutch, French or German (depending on the region where the branch has its registered office), legalization/authentication of the sworn translator's signature, and filing the documents with the office of the Clerk of the competent Commercial Court where the branch is located. Other requirements in Belgium include filing the last-approved annual financial statements of the non-Belgian company (and its or its parent company's consolidated accounts, if any) with the Belgian National Bank (after translation). The certificate from the Belgian National Bank, confirming that the annual accounts (and, as the case may be, the consolidated accounts) have been duly filed, must be filed with the clerk's office of the Court of Commerce together with all other required documents. This requirement applies to privately held as well as publicly held companies. The decision to open the branch and the company's articles of incorporation must be published in the Annexes to the Belgian Official Gazette and the branch should be registered with the Enterprise Crossroads Bank. The branch should also obtain an enterprise number through registration with an Enterprise Counter Office.

Related costs

The costs of establishing a branch include mainly translation fees (in addition to the fees for accountants/legal and tax advisers). The total costs for the translation of all documents should

not be underestimated. Other costs include the expense of publishing the above-mentioned documents in the Belgian Official Gazette and the registration with the registry of commerce.

Timing

A branch can be opened quite simply and usually takes only one to two months assuming the company has prepared all necessary documents/translations and procedures are handled smoothly by the authorities. The amount of time required to complete all formalities for the establishment of a branch depends mainly on translation work. Another timing element is the legalization requirement for the affidavit. Registration with the registry of commerce can take place within days of the filing with the clerk's office of the Court of Commerce. From that moment on, the branch may commence its commercial activities. If the legal representative must prove his/her management capacities and/or must have a work permit or a professional card, however, the time required to process these applications must also be taken into account (please see also subsections 1.1.2 and 5.1). The publication of the opening of the branch in the Annex to the Belgian State Gazette can take some weeks but the branch may commence its commercial activities prior to the date of publication. A branch can also be easily closed.

Legal representative

The law does not require the legal representative to be Belgian, nor do any other nationality requirements apply. Proper consideration should be given to work permit regulations, however. Since the legal representative is supposed to carry out daily management of the branch and sign all official documents, it is strongly recommended that he/she is based in Belgium.

1.1.4.2. Accounting requirements

In essence, a branch that is subject to (non-resident) corporate income tax in Belgium (a so-called taxable branch) must also prepare its financial statements in compliance with Belgian law. As branches will only be taxable on their Belgian-source income (please see section 2), a part of the income of the foreign (non-Belgian) parent company must be allocated to the Belgian branch. Unlike a subsidiary, a branch need not publish its own financial statements, but those of its head office, translated into one of the languages listed in the previous subsection. Publication gives the public access to these financial statements.

1.1.4.3. Taxation

As non-residents, branches are generally subject to Belgian corporate income tax but, unlike subsidiaries, only on their Belgian-source income. Branches that exclusively perform operations of a preparatory or auxiliary nature, may be completely exempt from Belgian corporate income tax (so-called non-taxable branches). For more details on the Belgian corporate income tax regime, please see section 2.

1.1.5. Subsidiary versus branch

This section summarizes the main considerations when choosing between a branch and a subsidiary.

Legal

A branch is not a legal corporate entity separate from the foreign company, whereas a subsidiary is considered a separate Belgian company. Practically speaking, a branch is merely an extension of the parent company; it does not have its own stock or its own board of directors, and its establishment generally involves fewer corporate formalities. In contrast, a subsidiary is owned and controlled by the parent company and has its own stock, articles of incorporation and bylaws. A subsidiary must hold shareholders' meetings and observe other corporate formalities.

Advantages of a subsidiary

- From a marketing viewpoint, a subsidiary will be regarded as a Belgian or European company, rather than a branch. Since the branch is not a separate legal entity it must operate under the name of the foreign company by which it is established. This could be experienced as a disadvantage when doing business in Belgium (or in other countries of Europe);
- Different from a branch, the establishment of a subsidiary does not include either translation costs or administrative legalization formalities and costs. A fee, however, must be paid to the public notary who will enact the incorporation deed;
- Because the subsidiary and the parent company are separate legal entities, the parent company is not exposed to any liabilities of the subsidiary. By contrast, a foreign investor is liable for the activities of its branch in Belgium;
- A subsidiary can benefit from several tax advantages:
 - The ability to repatriate or distribute net profits with little or no dividend withholding tax;
 - Subsidiaries can benefit from the advantages given under the double tax treaties concluded by Belgium;
 - In most cases, qualification as a “parent company” under the EU Parent-Subsidiary Directive; and special tax treatment benefits for subsidiaries qualifying as a distribution center or service center;
- Annual filing requirements are less stringent for subsidiaries than for branches. A branch's annual filing will reveal financial information about the foreign entity that it may prefer to keep confidential.

Advantages of a branch

- Belgian corporate law, with a few exceptions, does not impose requirements such as a board of directors, distribution of profits or shareholders' meetings;
- There are certain tax advantages related to setting up a branch operation, including no dividend withholding tax on branch profits;
- Application of the Belgian participation exemption rules and special tax treatment benefits for branches qualifying as a coordination center, distribution center or service center.

1.1.6. Investing as an individual

Individuals are also free to invest in Belgium, in which case they will be unable to separate their personal possessions from the capital invested. In other words, individual investors are personally liable for the risks associated with the business activities performed.

1.1.6.1. Administrative formalities and related costs

Individuals performing commercial activities should register themselves at the Enterprise Crossroads Bank (obtaining an enterprise number by registering with an Enterprise Counter Office). The fee for this registration is quite low.

They have to present themselves at an Enterprise Counter Office with the required documents (including the basic knowledge of business management, proof of professional skills and the professional card, see also section 1.1.2 and 5.1.) that allow them to carry out a specific activity. The Enterprise Counter Office will examine the documents and will register the business as a craftsman or trader in the Enterprise Crossroads Bank and will issue a business number and, if necessary, an entity number for each separate entity. The registration should take place before the start of the business. The registration fee is rather low.

The registration request should contain the following information: surname and first name of the applicant (founder); the national registration number of the applicant (or the identification number in the Enterprise Crossroads Bank of the social security); the e-mail address or telephone number of the applicant; the trade name of the company; or in case of a fully ~~authorised~~authorized agent: his surname, first name and national registration number, or the identification number in the Enterprise Crossroads Bank of the social security.

In addition, the applicant has, amongst others, to provide the following information: the different planned commercial or trading activities; the address of the business and its entities; the surnames, the first names and the national registration numbers of the individuals who have provided proof of the required entrepreneurial skills,...

In principle, the liberal professions and intellectual service occupations must not enroll in the commercial/trade register (with the exception of pharmacists, estate agents, insurance brokers,

etc.). The conditions regarding the knowledge of business management are not applicable to them either. However, there are specific conditions applying to some intellectual professions. This concerns the so-called protected occupations. Only individuals who fulfill the diploma requirements and the course requirements can have access to the professional title (such as estate agent).

1.1.6.2. Accounting requirements

As already mentioned in section 1.1.3.3, Belgian accounting requirements are adapted to the nature and the scale of the business. The accounting requirements for private investors are similar unless their sales do not exceed a certain amount.

Merchants of which the annual sales of the last financial year (excluding VAT) do not exceed EUR 500,000 are considered to be very small enterprises. Their bookkeeping consists of:

- a financial journal consisting of a cashbook (inbound and outbound cash flow) and a bankbook (income and expenses through a bank account)
- a purchase book: suppliers' invoices and credit notes
- a sales book: clients' invoices and credit notes
- an inventory ledger: once per year, one should make an inventory of all possessions, receivables, debts, rights and obligations of any kind and of all one's own assets that are related to the exploitation.

1.1.6.3. Taxation

If a non-Belgian individual moves to Belgium and can be considered a Belgian tax resident, he will generally be subject to tax on his worldwide income. However, as mentioned above, Belgium has concluded an extensive network of treaties in order to prevent double taxation. Even if no tax treaty applies, the income subject to tax outside Belgium is usually taxed in Belgium at a reduced rate. In addition to personal income tax, one should also keep other taxes, such as property, gift, and inheritance taxes, in mind. Non-resident individuals are subject to tax only on their Belgian-source income. For more details on the Belgian personal income tax system, please see section 2.

1.2. Business plan

It is always wise to draft a business plan before establishing your business in Belgium. Newly established Belgian companies are often required to have prepared a simplified financial plan. This financial plan should cover the first two years of operation and justify the amount of the company's share capital made available by the shareholders in order to run the business. This financial plan can be vital should the company become bankrupt during the first three years of operation. The court may decide to look at the business plan to check whether the company's founders (listed in the deed of incorporation) can be held liable for the company's debts if the amount of the share capital appears to have been insufficient at the time of incorporation. The

business plan is not public but remains in the files of the notary who enacted the incorporation deed. Branches are not required to draw up a business plan.

1.3. Financing/insurance

General

Belgium has a very well-developed banking environment. Non-Belgian investors can raise venture capital (from both private and government-funded sources), as well as apply for Business Angels Network initiatives, financial incentives and capital grants, innovation funds, or government-facilitated loans. More information concerning the banking environment (as well as the insurance cover) can be found on the website www.cbfa.be.

An employer is required to take out some insurance cover, while it is advisable to insure specific risks in other cases. These insurances are a.o.: accident insurance, health insurance, vehicle insurance, insurance for transported goods, insurance for fire and natural disaster, insurance for specific objects, general civil liability insurance, credit insurance, legal aid insurance, building site risks insurance, control insurance and life insurance.

Insurance companies and insurance intermediaries are being supervised by the Banking, Finance and Insurance Commission (Dutch: Commissie voor het Bank-, Financie- en Assurantiewezen; French: Commission Bancaire, Financière et des Assurances). For more information on this subject, please contact:

Banking, Finance and Insurance Commission
Congresstraat 12-14, B-1000 Brussels
T. +32 2 220 52 11
F. + 32 2 220 52 75
e-mail: doc@cbfa.be
www.cbfa.be

Accident insurance

Industrial accidents

Every employer is obliged to enter into industrial accidents insurance with a ~~recognised~~recognized insurance company with fixed premiums or with a recognized mutual insurance fund. Employers who have not entered into this insurance are officially insured with the Industrial Accidents Fund (Dutch: Fonds voor Arbeidsongevallen; French: Fonds des Accidents du Travail) until the day they have entered into a valid insurance or until they cease to be an employer. This insurance covers accidents during work and accidents on the way to and from work.

Other insurances with respect to accidents include the additional insurances for industrial accidents, physical injury insurance,...

Health insurance

There are different options available, such as insurance against temporary disability or inability to work due to illness, insurance that is limited to specific serious diseases, insurance for medical treatment and the ~~hospitalisation~~hospitalization insurance.

Car insurance

It is mandatory to have a car insurance in Belgium. A fully comprehensive insurance is a combination of personal damage, theft, broken glass and indirect damage costs and is an insurance form which is commonly used in Belgium.

The fire and natural disaster insurance

There are different types of insurance cover for houses/liberal professions, commercial buildings, farms and industrial buildings that are insurable from the moment that the building is under construction or from the moment of purchase, or from the moment that the building is rented.

The general civil liability insurance

In addition to the well known private life civil liability insurance, there are also other legally regulated civil liability insurances which could be relevant for the entrepreneur: hoteliers, camping sites, pharmaceutical product laboratories, driving schools and architects.

Professional liability insurance

This insurance covers the damage due to failure to comply with a professional obligation. This insurance is appropriate for the liberal professions, craftsmen and industrial companies.

Product or service liability insurance

This insurance covers the liability of the manufacturer or a contractor with regard to damage caused by goods after delivery or due to works after construction. The damage can include physical injury or material damage. The insurance does not cover the damage to the delivered goods itself, nor does it include cover for contractual obligations that have not been complied with.

Environmental liability insurance

This insurance covers the damage that the company's operations could cause to the environment. If the conditions of the exploitation ~~heene~~license were not strictly respected, the entrepreneur may be held liable for a certain accident.

Life insurance

There are different types of life insurance, such as life insurances not linked to investment funds, life insurances linked to investment funds and management of collective pension funds.

Other insurances

Other insurances are amongst others the insurance for transported goods, insurance for specific objects, credit insurance, legal aid insurance, building site risk insurance, control insurance,...

1.4. Real estate

General

Located in the heart of Europe, Belgium is renowned for its highly developed business infrastructure and logistics facilities. As an investor, you can rent/lease, buy or build business premises. Most (small and medium sized) businesses start by renting space according to their particular needs. Purchasing real estate can have certain advantages, such as the fact that the acquisition price will be considered to be part of the “calculation base of the total investment” for the purpose of obtaining investment incentives when purchasing a building. However, purchasing business premises will also have certain tax implications (see below).

Assistance in finding appropriate premises

Various agencies, such as the Regional Development Agency² (RDA) and/or real estate advisers can assist you in finding appropriate premises and can aid you in obtaining building and other permits. Additionally, local development authorities provide the opportunity for start-up businesses to locate in “business centers”. Business centers offer secretarial and communication services at competitive prices and are promoted and encouraged as a means of reducing costs for start-up companies.

Selection of the land

Before purchasing a specific ground, it is recommended to ask the communal authorities or the appropriate administration department for Town and Environmental Planning of the region whether any land is available for industrial or commercial purposes. It is essential to consult the plans which are drawn up by the local authorities and the region. They can be obtained from the authorities listed below. Specific zones of a town are reserved for business purposes, whereas in other zones it is forbidden to start any industrial activities. In other words, some zones are preserved for business purposes while other zones are preserved for habitation purposes.

² In each province a Regional Development Agency is developed which is involved in regional economic development and project development.

- For the Flemish region:

Vlaamse Overheid
Agentschap R-O Vlaanderen, Onroerend Erfgoed
Koning Albert II Laan 19 bus 3, B-1210 Brussels
T. +32 2 553 16 11, F. +32 2 553 16 05
E-mail: aml@lin.vlaanderen.be
www.ruimtelijkeordering.be

- For the Walloon region:

Ministère de la Région Wallonne
Administration de l'Aménagement du Territoire
Rue des Brigades d' Irlande 1, B-5100 Namur/Jambes
T. +32 81 33 21 11, F. +32 81 33 24 13

- For the Brussels-Capital region:

Ministerie van het Brussels Hoofdstedelijk Gewest
Bestuur van de Stedebouw en de Ruimtelijke Ordening van het Brussels gewest
Communicatiecentrum Noord
Vooruitgangstraat 80 - bus 1, B-1030 Brussels
T. +32 2 204 21 11, F. +32 2 204 15 23

Information concerning the availability and infrastructure of the industrial zones in the Flemish region can be consulted at the Geo-office: www.gisvlaanderen.be/geo-vlaanderen/bedrijventerreinen. The Geo-office compiles the information on all industrial zones in Flanders, with the exception of the ports. For more information, please contact the Geo-office for industrial zones.

Agentschap voor Geografische Informatie Vlaanderen
Gebr. Van Eyckstraat 16, B-9000 Gent
T. +32 9 261 52 00, F. +32 9 261 52 99
E-mail: info@agis.be
<http://web.gisvlaanderen.be>

Building real estate: building permit

Most construction, reconstruction, demolition and renovation works relating to buildings require a building permit (Dutch: stedenbouwkundige vergunning/bouwvergunning). Minor changes to existing buildings and minor constructions are generally exempt. If the proposed activity also requires an environmental permit, the validity of the building permit will be suspended until an environmental permit (see section 1.5) has been obtained. The opposite is also true.

Before taking the decision to buy a plot of land or a building, it is recommended to request for information with the competent authorities. The fastest way of doing so is to visit the technical department of the relevant town or city (Dutch: Dienst Stedenbouw/Dienst Ruimtelijke Ordening). The local authorities can then provide you with information (orally) on the building possibilities for a specific plot of land. In order to obtain written confirmation of the information you received orally, the investor needs to apply for a written attestation (“building permit”) containing more detailed information.

It is not easy to compose an application file for a building permit; it depends on the nature of the works to be executed. It is recommended to verify whether it is compulsory that an architect be involved. The architect will handle the preparation of the application. The application for a building permit must be filed by submitting in person or by sending it by registered mail to the (bench of) Mayor and Aldermen (Dutch: College van Burgemeester en Schepenen) of the city where the works will be carried out. Subsequently, your application will then be examined.

Purchase of real estate

When buying real estate, registration duties varying upon the region (Brussels, Flanders, Wallonia), are in principle due. If a building is considered as being “new”, the VAT regime can be applicable in which case an exemption for the registration duties is granted.

When real estate is transferred, the soil is sampled and tested, thereby giving you an analysis of its current status and whether the transfer will lead to any clean-up obligations on your part. In the Flemish region, individuals and companies must be able to present a soil attestation (Dutch: bodemattest) of OVAM in case of a sale of real estate. The purpose of this attestation is to avoid that plots of land to which a risk is connected are transferred to an individual who could become the victim of his own ignorance with regard to the situation of the land. The information contained in the soil attestation is limited to a possible pollution of the plot of land itself, not of the environment. In most cases, the seller, landlord or lessor must apply for the soil attestation at the following address:

Public Waste Agency of Flanders (Dutch: Openbare Vlaamse Afvalstoffenmaatschappij)
Stationstraat 110, B-2800 Mechelen
e-mail: info@ovam.be
www.ovam.be

Holding of real estate

Individuals owning real estate in Belgium are subject to income tax based either on the indexed estimated income (the so-called “cadastral income”) of the property or based on the “net rental income” depending on whether the real estate is let or not and, if this is the case, depending on whether the real estate is used for business purposes by the tenant or not. Each owner with property located in Belgium pays annual “property taxes”. Local property tax (French: précompte immobilier; Dutch: onroerende voorheffing) is assessed on cadastral income. Property tax is levied on the balance at a rate that varies according to the municipality and to the

location of the property. Rates generally vary between 20 % and 50 % of cadastral income. For more information on this subject, please see section 2.1.3.

Companies holding real estate which do not generate any income, either because it is occupied by the company itself or because it is put at the disposal of one of its directors, do not have to declare any real estate income. This does not preclude companies from paying the annual property tax. If a company lets a building to a tenant, the real estate income is the actual net rental income. In some cases, real estate can be totally or partially exempt from property tax.

Registration duties are due on the lease of certain real estate located in Belgium as well as on the funding of a mortgage. Lease or rent of real estate is in principle not subject to VAT, but there are (important) exceptions.

Sale of real estate

Companies selling real estate are in principle taxable on the capital gain realized. Individuals that use the real estate in their business and sell the real estate are in principle taxable on the capital gain as well. However, if certain conditions are fulfilled, the taxation can be spread in time (for individuals and companies). In some specific cases, capital gains realized by individuals are taxable over time.

Renting of real estate

Commercial lease

- General

The Commercial Lease Law regulates business accommodation leases. The definition of a commercial lease is a lease of real estate that the lessee or sub-lessee uses principally as a retailer or as a craftsman who through his work comes into direct contact with the public. The application of the legal provisions on commercial lease agreements is compulsory. Other businesses in rented offices without direct contact with the public are only subject to the legal protection of the Commercial Lease Law if the lease agreement stipulates explicitly that the Law on Commercial Lease agreements applies to the said agreement.

- Duration

In general, the advantage of applying the Law on Commercial Lease agreements for the lessee is that it grants stability to his/her business. The law foresees a minimum duration of 9 years for the lease agreement and the right to renew the lease after this period has expired. Consequently, the lessor cannot terminate the lease before the end of this period. As an exception however, a shorter period may be the case under the condition that it is explicitly stated in the contract. For instance, the agreement can stipulate that the lease can be terminated after every three-year period. The notice period is at least one year and must be given in the second or the fifth year. The lessor cannot terminate the lease unless he uses the premises himself for trading. In addition to the 9 year minimum period, the lessor is entitled to three lease renewals, so that he can take

possession of the buildings for 36 years. The lessor may refuse the lease renewal without stating a reason. In addition, the lessor may make the renewal dependent on specific conditions, such as the renting fee.

- Termination

The lessee can terminate the agreement every three years by registered mail or by means of a summons that must be notified 6 months in advance. It is also possible for the lessor to terminate the lease every three years with a one-year notice period if specific conditions are met. It is possible to terminate the commercial lease by mutual agreement at any time, provided that some conditions are fulfilled.

While the purpose of the law is to protect retail commerce, it can also be made applicable, by mutual agreement of the parties, to other types of leases. A similar lease agreement is also often contracted in respect of premises that are not directly accessible by customers. Generally, a landlord will require a deposit, which usually equals 3 to 6 months' rent. This can be provided by a deposit in cash with a bank or by a bank guarantee. In the latter case, the bank will charge the tenant a small fee.

Residential leases

Residential leases are governed by a set of specific rules designed to protect the tenants (e.g. employees). These rules are especially stringent if the rented accommodation is the principal residence of the family. The protection includes amongst others a cap on rent increases (limited to a yearly indexation based on consumer prices), advance notice of termination and the possibility of having short-term leases (a few months, one year, or three years). On the renting of real estate, a (low) registration duty is due.

1.5. Legal environment

Commercial law

Law on Trade Practices and Consumer Information and Protection

- Description

The law on Trade Practices and Consumer Information and Protection contains regulatory requirements on information, specific trade practices (contract of sale, advertising, consumer information, sales with loss, announcements of price reductions and price comparisons, bargain sales, clearance sales, joint supply of products and services, illegal marketing practices and sales concluded outside the seller's company).

- Contact

For more information on this subject, please contact:

Federal Public Service Economy

Algemene Directie Regulering en Organisatie van de Markt, Dienst Handelsreglementering.
North Gate III, Koning Albert II-laan 16, B-1000 Brussels
T. + 32 2 277 80 04, F. + 32 2 277 52 59
E-mail: hrc.cons@economie.fgov.be
Official in charge: Véronique Andrieux
T. +32 2 277 80 90, F. +32 2 277 52 59
E-mail: Véronique.Andrieux@economie.fgov.be

Price-making

It is not allowed to sell at abnormally (high) prices. It is the responsibility of the judiciary to give its opinion, taking into account the market situation, operating costs and profits.

Companies belonging to a limitative list of activities should submit an application (before making any price adjustments) to:

Federal Public Service Economy
Algemene Directie Regulering en Organisatie van de Markt
Afdeling Prijzen en Mededinging
North Gate III, Koning Albert II-laan 16, B-1000 Brussels
T. +32 2 206 41 11, F. +32 2 206 57 63

Companies that are not on the limited list are free to fix and adjust their prices. Consequently, they do not have to apply for permission or justify their decision.

Environmental law

General

Investors setting up a business in Belgium need to obtain the necessary permits and ensure compliance with environmental law. Environmental regulation in Belgium is primarily the responsibility of each region, although the Federal Government does retain authority over certain aspects, such as product standards, waste shipments, protection of the marine environment and ionizing radiation. It is important to know that the Regional Governments and the Belgian Federal Government must comply with EU regulations and standards on this subject. This section provides information about environmental permits, soil remediation and exploratory soil research.

Environmental permits

A permit is required for a number of specified activities. There is a distinction depending on how the activity affects the environment (different categories of activities depending on how harmful the activities are to the environment). The approval procedure contains an assessment of the potential impacts on the environment such as noise, air and water pollution, waste disposal and prevention of major accidents. Strict time limits are set for the different steps of the approval

procedure. A similar or simplified procedure must be followed should you wish to change already permitted activities.

- Walloon region

All details regarding the environmental permit can be found on the website of the Walloon region: www.wallex.wallonie.be , section "aménagement du territoire, CWATUP"

Ministère de la Région Wallonne (Ministry of the Walloon Region)
Direction générale des Ressources naturelles et de l'Environnement (DGRNE)
Avenue Prince de Liège 15, B-5100 Namur
T. +32 81 33 50 50, F. +32 81 33 51 22
www.mrw.wallonie.be/dgrne
E-mail : dgrne@mrw.wallonie.be

- Brussels-Capital Region

For all information on this issue, please contact the following address:

Ministerie van het Brussels Hoofdstedelijk Gewest (Ministry of the Brussels Capital Region)
Bestuur Ruimtelijke Ordening en Huisvesting
Communicatiecentrum Noord
Vooruitgangsstraat 80, bus 1, B-1030 Brussels
T. +32 2 204 21 11, F. +32 2 204 15 23
www.bruxelles.irisnet.be/nl/entreprises/maison/batiments-terrains-urbanisme.htm

or:

Brussels Institute for the Environment (Dutch: Brussels Instituut voor Milieubeheer; French: Institut Bruxellois pour la gestion de l'Environnement)
Gulledelle 100, B-1200 Brussels
T. +32 2 775 75 75, F. +32 2 775 76 21
www.ibgebim.be
E-mail: info@ibgebim.be

Companies can get free assistance regarding environmental permits from the following agency:

Brussels Enterprise Agency
Havenlaan 86C, bus 211, B-1000 Brussels
T. +32 2 422.00.20, F. +32 2 422 00 43
e-mail: info@bao.irisnet.be
www.bao.irisnet.be

- Flemish region

At the end of February 2006, the Flemish government approved a note for a substantial harmonization of the application of environmental permits and building permits. Both [licences](#) can be simultaneously applied for at one office of the town.

For additional information, please contact the following addresses:

Ministry of the Flemish Community
Department environmental planning, housing policy and real estate inheritance
Kon. Albert II-laan 19, B-1210 Brussels
T. +32 02 553 83 79, F. +32 2 553 83 85
e-mail: ruimtelijke.planning@rwo.vlaanderen.be
www.ruimtelijkeordering.be

Flemish Commission for environmental planning
Koning Albert II-laan 20 bus 12, B-1000 Brussels
T. +32 2 553 83 26, F. +32 2 553 62 95
e-mail: vlacoro@vlaanderen.be
www.vlacoro.be

Flemish Environment Agency
A. Van de Maelestraat 96, B-9320 Erembodegem
T. +32 53 72 64 45, F. +32 53 77 10 78
E-mail: info@vmm.be
www.vmm.be

Soil remediation

If a soil (soil and groundwater) does not meet certain environmental standards, “new” pollution must be cleaned. The purpose of the clean up is to achieve a “standard” soil quality. That particular soil quality is determined through the comparison of polluted soil with unpolluted soil with similar characteristics. “Older” pollution must be cleaned if it poses a serious threat to humans, vegetation, animals and/or drinking water resources, and the Flemish Public Waste Authority orders the clean up. The procedure for the clean up consists of different phases. The user/operator and/or site owner must carry out the clean-up and bear all the costs, even if that person did not actually pollute the site. If the owner or user can prove that a third party polluted the site, there is a right of recourse against that third party. This is also meant to protect potential buyers of polluted soils.

In the event of a property transfer of real estate, the seller must obtain a soil certificate. The certificate is an extract of the register for a specified piece of ground. It provides information, such as the identity of the owner and the origin of the soil pollution.

In Flanders, the role of OVAM in all of this is emphasized, with OVAM being the competent authority for soil remediation.

Public Waste Agency of Flanders (Dutch: OVAM)
Stationsstraat 110, B-2800 Mechelen
T. +32 15 28 42 84, F. +32 15 20 32 75
E-mail: info@ovam.be
www.ovam.be (English information on soil remediation available)

Competition law

Legal basis

Belgian competition law is designed to maintain fair and competitive markets and falls within the jurisdiction of the Belgian Federal Government. Competition policy governs the protection of economic competition and applies throughout Belgium. With regard to both procedure and substance, the legal provisions are modeled on EU competition law. The topics covered include control of mergers and prohibition of restrictive practices.

Mergers and acquisitions

- Mergers and acquisitions subject to control in Belgium

Mergers and acquisitions are subjected to control in Belgium (i.e. the transaction is subject to mandatory pre-merger filing) if the combined turnover of the undertakings involved in a merger or acquisition exceeds EUR 40 million in Belgium and the turnover of at least two of the participating undertakings exceeds EUR 15 million in Belgium. However, the transaction is not subject to control in Belgium if the merger or acquisition has an EU dimension and is therefore subject to EU jurisdiction.

- Test for approval

In addition, any merger or acquisition where the undertakings involved have a combined Belgian market share of more than 25 % must automatically be approved by the Competition Council, which is an administrative court. Mergers or acquisitions where the Belgian market share of the combination would exceed 25 % will be declared inadmissible if they create or strengthen a business that is in a dominant position in the market and would as a result significantly impede effective competition in the Belgian market or a substantial part of it. The authorities will focus on the impact of a transaction on the relevant geographical market (i.e. usually the entire Belgian territory). If the Council has prohibited a merger or acquisition the federal Council of Ministers may override the decision and approve the transaction on public policy grounds. The Council of Ministers must act within 30 days of the Council's negative decision.

- Simplified procedure

The authorities have recently introduced a simplified procedure for the notification of certain mergers and acquisitions with limited effect on the Belgian market. This concerns, in particular, mergers or acquisitions in which the parties involved have no overlapping activities or where the combined market share regarding their overlapping activities does not exceed 25 %, mergers and

acquisitions on "small markets", and the setting-up of joint ventures with limited activities in Belgium. For such transactions, a simplified notification form requiring less detailed information can be completed.

- Timing

A merger or acquisition must be notified to the Competition Council within one month of the signature of a binding agreement. It is also possible to notify on the basis of a letter of intent. Notification is mandatory. Once a concentration is notified, the Council has 45 days (known as the "First Phase") either to clear the transaction or to initiate an in-depth investigation. Once the Council has decided to initiate an in-depth investigation (known as the "Second Phase"), the Council must reach a decision within 60 days of the opening of the Second Phase, unless the parties have asked for the deadline to be extended. There is a standstill obligation during the review period - i.e. the parties cannot take measures that would make the transaction irreversible or affect the structure of competition in a lasting way. If the Council does not take a decision within the deadline, the concentration is deemed admissible. The test is whether the merger or acquisition creates a market position that has a significantly adverse effect on effective competition in the Belgian market or on a substantial part of it.

Restrictive practices

- Types of business practices which are prohibited

All agreements, decisions and concerted business practices that have as their objective or effect the distortion, prevention or restriction of competition to an appreciable extent, as well as abuse of a dominant position, are prohibited and may result in fines. The Council may grant exemptions regarding prohibited agreements, decisions or concerted practices if the above-described practices contribute to an improvement of production, distribution, and/or technical and economic know-how, or if the practice gives the opportunity for smaller enterprises to strengthen their competitive position in the market.

- Obligations imposed on a company enjoying a dominant position in the relevant market

Companies in a dominant position must not abuse this position. Dominant position is legally defined as the position that enables a company to hinder actual competition, thereby allowing it to behave independently of its competitors, suppliers and customers. Examples of abuses include refusal to supply, as well as discriminatory, predatory or tying practices. Tying practices are practices in which the dominant seller refuses to sell its products unless the buyer also purchases another product. Upon the request of the company, the Council may issue a negative clearance confirming that the practices concerned do not fall within the scope of the law and will not be fined.

- Exemption from registration

The practices referred to require no registration when each participating enterprise complies with the definition of a small enterprise.

Penalties for companies violating competition laws

Fines of up to 10 % of Belgian turnover can be imposed on each company that engages in restrictive practices (including abuse of a dominant position) or that have implemented a merger or acquisition without prior approval.

Contact

For more information on this subject, please contact:

- in Dutch:

Tillo Baert (tillo.baert@economie.fgov.be)

T. +32 2 277 87 84, F. +32 2 277 52 53

Dirk Vertongen (dirk.vertongen@economie.fgov.be)

T. +32 2 277 74 22, F. +32 2 277 52 53

- in French:

Géry Marliere (gery.marliere@economie.fgov.be)

T. +32 2 277 72 59, F. +32 2 277 52 53

Bernadette Crevecoeur (Bernadette.crevecoeur@economie.fgov.be)

T. +32 2 277 64 36

1.6. Managing your business

1.6.1. Sales and marketing

Hereafter, an overview of a number of employer's organisationsorganizations is given, as well as a (non limitative) overview of other useful websites.

Employers' organisationsorganizations

- Federation of Enterprises in Belgium: www.vbo-feb.be

The Federation of Enterprises in Belgium (FEB) is a multi-sector employers' organisationorganization representing companies in all three regions of Belgium (Flemish region, Walloon Region and Brussels capital region).

Federation of Enterprises in Belgium asbl/vzw
Rue Ravenstein 4, B-1000 Brussels
T. +32 2 515 08 11, F. +32 2 515 09 15
E-mail: info@vbo-feb.be

- Flemish Employers Association (VOKA)

If you would like to start or develop your activities in the Flemish region, it could be useful to contact Voka - Flanders' Chamber of Commerce and Industry.

VOKA

Brouwersvliet 5 bus 4, B-2000 Antwerp

T. +32 3 202 44 00, F. +32 3 233 76 60

E-mail: info@voka.be

- Association of Christian employers and business executives (Dutch: Christelijke Werkgeversorganisatie – VKW)

VKW is an association of Dutch-speaking corporations, entrepreneurs and executives in Flanders and in Brussels.

VKW

Sneeuwbeslaan 20

B-2610 Antwerp

T. +32 3 829 25 25, F. +32 3 829 25 22

E-mail: info@vkw.be

- Union for Self-Employed Entrepreneurs (UNIZO)

UNIZO focuses itself on entrepreneurs in Flanders and Brussels.

UNIZO

Spastraat 8, B-1000 Brussels

T. +32 2 238 05 11, F. +32 2 230 93 54

E-mail: info@unizo.be

- Walloon Union for Enterprises (French : Union Wallonne des entreprises - UWE)

UWE is an organization trying to promote and support the Walloon Entrepreneurs.

UWE

Chemin du Stockoy 3, B-1300 Wavre

T. + 32 10 47 19 40, F. + 32 10 45 33 43

E-mail: info@uwe.be

- Union for Brussels Enterprises (Dutch: Unie van Brusselse Ondernemingen ; French : Unions des Entreprises Bruxelloises)

Chamber of Trade and Industry of Brussels (Dutch: De Kamer voor Handel en Nijverheid van Brussel – KHNB; French: Chambre de Commerce et d'Industrie Bruxellois)

500 Louizalaan, B-1050 Brussels

T. +32 2 648 50 02, F. +32 2 640 93 28

Union of Brussels Enterprises (Dutch: Het Verbond van Ondernemingen te Brussel – VOB;
French: Union des Entreprises Bruxelloises)

500 Louizalaan, B-1050 Brussels

T. +32 2 210 01 70, F. +32 2 218 56 06

Other useful websites

- Statistics Belgium (a division of the Federal Public Service Economy, SMEs, Self-employed and Energy): www.statbel.fgov.be
- www.investbelgium.fgov.be
- www.invest.belgium.be (a.o. information on key sectors)
- Belgian Direct Marketing Association: www.bdma.be
- Belgian Federation of the Automobile and Two-wheeler Industry: www.febiac.be
- Flemish Regulation Entity for the Electricity and Gas market: www.vreg.be
- Other useful website addresses: see the website www.nkvk.be/1adressen/links_belgie.asp

1.6.2. Protecting your ideas

General

On the basis of some definitions, this section determines the domains of protection as covered by intellectual property rights. Full protection however is impossible and everything that can be protected has not necessarily been registered.

Intellectual property is a product of human intelligence. These immaterial, intellectual performances are divided into two categories: creations and distinguishing signs. Intellectual property rights such as patents, copyrights, designs and models, and brands ensure that the holder is granted a temporary exclusive exploitation of their intellectual ownership. Such monopoly stimulates innovations that are vital for economic growth, but might go against the essential concept of free competition that is characteristic of a free market economy. For this reason, intellectual property rights are only granted subject to specified conditions and for a limited period of time.

For more information on protection titles, please visit the website of the Federal Public Service or contact the Intellectual Property Department (Dienst voor de Intellectuele Eigendom) by clicking on [this link](#).

1.6.3. IT and e-commerce

E-commerce

Electronic trade enables consumers and companies to enter into commercial relations on-line, ranging from offering items for sale to contracting and, in some cases, on-line delivery of the ordered product or service.

For more information on this subject, we refer to:

- Algemene Directie Regulering en Organisatie van de Markt, Cel Elektronische Economie
North Gate III, Koning Albert II-laan 16 , B-1000 Brussels
T. + 32 2 277 82 13 or 25 57, F. + 32 2 277 52 52
E-mail: e-economy@economie.fgov.be
- Official in charge:
 - Didier Gobert (Didier.Gobert@economie.fgov.be)
T. +32 2 277 85 57, F. +32 2 277 52 52
 - Markoen De Smaele (Markoen.Desmaele@economie.fgov.be)
T. +32 2 277 82 13, F. +32 2 277 52 52

1.6.4. Support services for import/export businesses

General

In this section you will find information on the [licences](#) required for the import, export and transit of products of certain sectors. This matter is regulated by the department Economic Potential of the Federal Public Service Economy.

Contact

Economic Potential
KBO-administration cell – permits
Permits
Leuvenseweg 44, B-1000 Brussels
T. +32 2 548 65 56, F. +32 2 548 65 70
E-mail: leslie.paesschierssens@economie.fgov.be

Their task consists of supervising, controlling and managing a part of the international flow of goods (import, export and transit) by means of a policy for permits and quota that is worked on a national and European level for the following goods: guns, dual use, textile, steel, non-textile products from China as well as applying international fines (embargo).

Institutions and initiatives for export promotion

National authorities

Several authorities are dedicated to export promotion, including:

- Federal Public Service Foreign Affairs, Foreign Trade and Development Cooperation (Karmelietenstraat 15, B-1000 Brussels, T. +32 2 501 81 11, F.+32 2 501 88 27), www.diplomatie.be
- Federal Foreign Trade Agency (Montoyerstraat 3, B-1000 Brussels, T. +32 2 206 35 11, F. +32 2 203 18 12, e-mail: info@abh-ace.org., www.abh-ace.org)
- ~~Comittee~~Committee for Financial Export Support (Finexpo – Federal Public Service Foreign Affairs, Foreign Trade and Development Cooperation, Directie Financiële steun aan de export - B2, Karmelietenstraat 15, B-1000 Brussels, T. +32 2 501.82.53, F. +32 2 501 88 27, e-mail: danielle.fronville@diplobel.fed.be, e-mail: hendrik.jansen@diplobel.fed.be, www.finexpo.be
- Belgian Corporation for International Investment (Dutch: Belgische Maatschappij voor Internationale Investering; French: Société Belge d'Investissement International (Tervurenlaan 168 (b.9)B-1150 Brussels, T. +32 11 776 01 00, F. +32 2 770 66 38, e-mail: info@bmi-sbi.be, www.bmi-sbi.be

Regional authorities

- Flemish region

- Flanders Investment and Trade
 Gaucheretstraat 90, B-1030 Brussels
 T. +32 2 504 87 11, F. +32 2 504 88 99
www.flandersinvestmentandtrade.com
 e-mail: invest@fitagency.be

- Walloon region

The Walloon Export Service (French: Agence Wallonne A l'Exportation - AWEX) is mainly dedicated to promote export of Walloon products, techniques and services.

AWEX
 Sainteletteplein 2 - 1080 Brussel
 T. +32 2 421 82 11, F. +32 2 421 87 87
 e-mail: mail@awex.wallonie.be
www.awex.be

Since 1 July 2004, AWEX and OFI (Office for Foreign Investors) have merged into "Agence wallonne à l'exportation et aux investissements étrangers".

- Brussels-Capital Region

Ministry of the Brussels-Capital Region, Foreign Trade Department
 Louizalaan 500 box 4, B-1050 Brussels
 T. +32 2 800 40 00, F. +32 2 800 40 01
 e-mail: infos@brussels-export.irisnet.be

www.brusselstrade.be

1.7. Business climate

Geography

Belgium is situated in Europe and is bordered by Germany, France, the Netherlands and the Grand Duchy of Luxembourg, with Great Britain across just a few miles of water, Belgium is at the center of a market of almost 500 million affluent customers (on Jan. 1, 2007, Bulgaria and Romania joined the EU). This dynamic development has made Europe one of the fastest growing markets in the world.. London, Paris, Amsterdam and Frankfurt are within 200 miles of Brussels, Belgium's capital city. That's less than an hour's flight away. Add another hour and land in Lisbon, Rome, Athens, Stockholm, Dublin, Warsaw - or dozens of busy markets in between. Belgium's outstanding location is unparalleled for commercial, distributive and administrative management of the European continent. Key strategic positioning with unlimited access is why Belgium has been chosen as the headquarters for the European Union, the North Atlantic Treaty Organization, and over 1,400 international non-governmental organizations.

Political ~~organisation~~organization

Belgium is a constitutional monarchy since 1831. The King of the Belgians is Albert II, who ascended the throne in 1993. He succeeded his brother, Baudouin I, whose 22 years of reign was one of the longest in Europe. The country is a federal state with three Regions : Flanders, Wallonia and the Brussels Capital Region and three Communities with French, Dutch and German speaking populations.

Infrastructure

Motorways

For rapid transportation, the Belgian motorway system is one of the most modern in Europe, with 7 international expressways connecting French, German, and Dutch transport systems. Every mile of superhighway is lit and toll-free, allowing trucks an easy driving during low traffic hours. Main roads are maintained to allow plant-access in every part of the country, while inner-city deliveries are facilitated by a system of "rings" and urban throughways constructed in many main ~~centres~~centers.

Railways

Belgium's railway network is one of the most concentrated in the world. The excellent HST (High Speed Train) facilities link Brussels to London, Amsterdam, Paris and Cologne. (Brussels-Paris in 1h25 and Brussels-London in 2h15).

Airborne

The freight terminal at Brussels Airport at Zaventem features the fastest air-cargo, handling and distribution ~~centre~~center in the European Union, with a capacity of 500,000 tons annually.

Besides Brussels international airport, the airports of Bierset, Charleroi (Brussels South), Antwerp and Oostende offers facilities at the European level. Moreover, the airports of Lille and Paris (France) and Amsterdam are easily accessible within maximum three hours from Brussels.

Seaborne

The major ports of Antwerp, Zeebrugge, Gent, Oostende, Brussels and Liège receive and dispatch seaborne freight bound for worldwide destinations. Antwerp, Europe's second largest seaport, handles over 15,000 ships with a gross tonnage of over 210 million yearly. Inland waterways are a Belgian speciality linking its seaports with the main European inland waterways. The second most extensive canal network in Europe holds investors' transportation costs down. The Schelde and Meuse rivers provide waterways with interlocking canals connecting them with every part of the country.

Economics

Belgium has two main economic features. As one of the first industrialized countries of Europe, it keeps a strong manufacturing basis but has also developed towards a technology and services economy. The second important feature is the openness of its economy, reflecting its geographical position and the vital importance of foreign trade.

Currency

More than 300 million people in Belgium, The Netherlands, Luxembourg, Germany, France, Ireland, Spain, Portugal, Italy, Austria, Finland, Greece and Slovenia use the Euro as single currency. This was an important step in European history, and a key move towards the EU's achievement of a strong European trade powerhouse.

Investment opportunities

The most important incentive is Belgium's long-standing tradition of welcoming foreign investment. The general principle is one of global equity: no discrimination is made between domestic and foreign companies.

Strategically located in the ~~cent~~center of Europe, Belgium contains a powerful infrastructure and serves as residence to the main decisional bodies of the European Union. Equipped with these outstanding features, Belgium offers prime opportunities for companies seeking optimal locations for distribution activities or a European headquarters. Moreover, it should be stressed that companies seeking locations for high technology manufacturing or assembly can count on a multilingual, skilled ~~labou~~labor force and access to markets via excellent transportation links. Belgium's numerous highly developed research parks form a natural environment for the establishment of high-tech companies. For companies seeking a greenfield site, Belgium also offers the critical components of available ~~labou~~labor, incentives, proximity to European markets and a quality infrastructure. Finally, Belgium is becoming a first-rate international financial marketplace. The foreign direct investment environment is changing, trending towards

financial and trade-related services, but manufacturing still remains important. Therefore, strategic alliances, joint ventures and acquisitions are becoming increasingly important.

2. Taxation

2.1. Personal income tax

The Belgian tax year runs from January 1 to December 31. Where an individual is taxable in Belgium for only part of a calendar year, his/her income in that period is treated as if it were income relating to a full calendar year. There is no pro-rata restriction of allowances or grossing up of income onto an annual basis.

2.1.1. Tax rates

An individual's net taxable income is subject to progressive tax rates of between 25 % and 50 % depending on the amount of income earned. The progressive scale of individual income taxes for income year 2006 (assessment year 2007) is as follows:

Income in EUR	Rate
0.01 – 7,290.00	25%
7,290.00 – 10,380.00	30%
10,380.00 – 17,300.00	40%
17,300.00 – 31,700.00	45%
> 31,700.00	50%

The income taxes calculated based on the progressive scale should be increased by the municipal tax (which is determined by each municipality). In many instances, this surcharge is presently between 0 % and 9 % of the national income tax. It should be noted that for non-resident taxpayers, the municipal tax is fixed at 6.7 %.

2.1.2. Who is subject to tax?

Resident individuals are subject to tax on their worldwide income. A resident is defined as a person whose domicile or center of economic interest is located in Belgium. These criteria should be evaluated on the basis of actual facts and circumstances. Furthermore, any individual registered in the Civil Register is presumed to be resident, unless the contrary is proved (refutable presumption). For married people, the domicile is determined as the place where the family resides (irrefutable presumption).

Non-residents are subject to non-resident income tax on the income they earn in Belgium or derive from Belgian sources (i.e. their Belgian-source income).

2.1.3. What is subject to tax?

Resident taxpayers

Taxable income includes all the various items of income received by the taxpayer. However, the net taxable amount depends on the nature of the income received.

Income from real property

Individuals owning real property situated in Belgium are subject to income tax based on the indexed “cadastral income” of the property, which is the deemed annual net rental income of the property. However, this taxable base is increased by 40 % for properties other than the taxpayer’s personal residence, without regard to whether the property is used by a tenant for non-business purposes. If the owner lets the property to a tenant who uses it for business purposes, the taxable income of the owner is increased by the portion of the net rental income exceeding the cadastral income. For constructed property, net rental income equals, in principle, 60 % of the total rental income received.

As from assessment year 2006, the cadastral income of owner-occupied residences is in principle tax exempt, but attention should be paid to the fact that there exists a so-called transitional period which maintains the (possible) taxation of the cadastral income.

Income from personal property

This type of income includes dividends, interest from debts and loans, certain bonds, bank deposits and government securities, as well as rents and fees from tangible personal property.

The withholding tax on movable property income (dividends and interest) is a final tax, unless taxation of the aggregate income is more advantageous. The rate is 25 % for dividends. In certain specific cases, this rate can be reduced to 15 %. For interest, the withholding tax amounts to 15 %. Foreign-source income from which no Belgian withholding tax has been deducted, has to be declared in the annual tax return and is taxable at flat rates equal to the above-mentioned withholding tax increased with municipal tax.

Income from an occupation or business

- Profits derived from industrial, commercial or agricultural enterprises by sole proprietors and profits derived by partners in associations and partnerships;
- Salaries, wages, pensions and other compensation;
- Fees derived from self-employment activities exercised by individuals

Belgian tax law provides that individuals may deduct from their gross income actual expenses that can be substantiated as having been incurred during the taxable period for the purpose of acquiring or preserving income derived from an occupation or business.

Standard deductions are also permitted in lieu of the actual expenses for wage and salary earners and liberal professions. The standard deduction is equal to a percentage of the gross income after deducting the social security contributions. The deduction is currently limited to EUR 3,200 per annum (for income year 2006). Loss from an occupation or business can be carried forward indefinitely.

Under certain conditions, the individual taxpayer is also entitled to a tax deduction for items such as life insurance and group insurance premiums, capital reimbursements on mortgage loans, contributions to certain pension saving schemes, and amounts spent to acquire shares in the company in which he/she is employed.

Other income

Individuals who receive income from unusual or occasional sources must include their net receipts in their gross income. For most types of income the tax rate varies from 15 % to 33 %. Included under this heading would be profits derived from occasional operations (not including those related to the normal management of one's own private property), sub-leasing or the transfer of personal property, etc.

Capital gains arising from the transfer of property are normally not taxable (provided that individuals do not use the real estate in their business), but there are some exceptions. Capital gains realized on the transfer of shares are generally exempt from taxation, but also here are there a few exceptions.

Total taxable income

Subject to various deductions (such as certain approved charitable gifts and donations up to specific limits), the total amount of the above four types of income will constitute the total taxable income of a resident individual.

Non-resident taxpayers

Certain specific provisions apply to non-residents. In some instances their total Belgian income is subject to tax, in other instances various tax prepayments constitute their sole tax liability in Belgium.

Non-residents taxed on total Belgian income

Two categories of non-resident taxpayers are taxed by way of assessment:

- non-resident individuals who receive taxable income exceeding EUR 2,500 from Belgian immovable property;
- non-resident individuals who obtain Belgian earned income, which includes income from business, professions, employment or pensions. If the taxpayer also receives immovable property income, it is aggregated with earned income.

For these individuals, their total taxable income will be computed essentially as for resident individuals, but the municipal tax is fixed at 6 %.

Non-residents for whom Belgian income is not ~~totalized~~totalled.

Non-residents who do not receive rental or earned income are taxed on Belgian source income by way of a final withholding tax.

2.1.4. Calculation of the personal income tax

The income tax liability is computed on the basis of the income earned by the taxpayer, the taxpayer's spouse, and dependent children. With respect to employment income and income earned by professional practitioners, business-related expenses are determined on a lump-sum basis (i.e., a fixed amount is calculated by the tax authorities), as follows (for income year 2006):

- 25% on the portion of compensation income not exceeding EUR 4,790
- 10% on the portion from EUR 4,790 to EUR 9,520
- 5% on the portion between EUR 9,520 and EUR 15,850
- 3% on the portion from EUR 15,850 to EUR 56,283

The total lump-sum deduction may not exceed EUR 3,200 (for income year 2006). However, taxpayers can always opt to deduct their actual business expenses instead of claiming this fixed amount if this results in a larger total deduction.

Although no personal allowances are provided in Belgium, standard tax credits are available depending on family size. In addition taxpayers are also entitled to an additional allowance for dependants. The earned income of each spouse is calculated separately although special rules do exist to ease the tax burden if one spouse has low earned income. Although couples are taxed separately on earnings, assessments continue to be issued in joint names.

2.1.5. Your tax return

General

All individuals resident in Belgium (as well as non-resident individuals taxed on total Belgian income and foreign executives) are required to file an annual tax return no later than the date indicated on the relevant form (generally, before 30 June of the year following the income year). Taxpayers should request the necessary forms from the Ministry of Finance by the first of June if they do not receive them by mail. Failure to comply with these requirements may give rise to a penalty and could also result in taxation on an estimated basis.

The Belgian tax authorities should impose the assessment before 30 June of the year following the year in which the relevant return was filed. The tax due should be paid within two months from the date of assessment in order to avoid late payment interest.

An objection against an assessment can be filed with the office of the regional director of the tax authorities who will decide on the case. Decisions of the regional Director can be contested before the Tribunal of First Instance.

As to the payment of income tax, a distinction should be made between an employee and a self-employed individual.

Employees

With regard to employees and directors (which are not self-employed), Belgian law provides that the employer must deduct professional withholding tax from salaries (French: *précompte professionnel*; Dutch: *bedrijfsvoorheffing*), which is determined by tax tables. The difference between the final tax liability and the withholding tax is payable (or recoverable) within two months after the tax assessment is issued.

Belgian income tax must be paid whenever an employee (regardless of his nationality) is employed in Belgium and receives wages for this in Belgium. No income tax is due when wages are paid to an employee from Belgium for work abroad. International tax treaties must always be taken into account. These treaties ensure that for the relevant countries, income tax is paid in the state of employment. Only a few exceptions are made to this rule, such as the 183 days-rule and cross border workers. Taxation of international employment is a rather complex matter, so it is advisable to appeal to a tax consultant.

Self-employed individuals

Self-employed individuals (i.e. individual entrepreneurs and individuals exercising a liberal profession) should prepay the estimated income tax on their income. Also, self-employed directors of companies should prepay the withholding tax in case this does not cover the estimated income tax liability. The system consists of four prepayments to be made in April, July, October and December. Failure to comply with this requirement gives rise to an increase in

tax up to a maximum of 6.75 % of the national income tax due (applicable for income year 2006).

It is also possible to make voluntary tax prepayments in order to obtain a tax reduction (maximum reduction is 4.5 % for income year 2006).

2.2. Corporate income tax

2.2.1. Tax rates

Both resident companies and Belgian branches of non-resident companies are in principle subject to a 33 % tax rate (increased by a 3 % crisis surcharge up to 33.99 %). Under certain conditions – inter alia if more than 50 % of the share capital of the company is held by individual shareholders and the company's taxable income does not exceed EUR 322,500 - a reduced progressive rate starting at 24.98 % applies. For more information on this reduced rate, please see section 4.5. A deemed interest deduction (the “notional interest deduction”, please also see section 4) is calculated on a company's equity and can substantially reduce the effective tax rate.

2.2.2. Companies that are subject to tax

Companies and profit-making organizations that have legal personality and have their registered office, main business center, or seat of management in Belgium are subject to Belgian corporate income tax. Non-Belgian companies and profit-making organizations carrying out business activities in Belgium through a registered Belgian branch (permanent establishments) are subject to non-resident corporate income tax on their Belgian profits.

2.2.3. What is subject to tax?

Belgian companies are subject to tax on their worldwide profits. However, profits derived from a foreign (non-Belgian) branch are exempt from tax if the branch is established in a country that has concluded a double taxation treaty with Belgium. Belgian branches are only subject to tax on their Belgian-source profits.

All income received is taken into account in computing the taxable profits, irrespective of whether it is realized or accrued. A company's taxable profit is the total of the increase/decrease of retained earnings (including taxable reserves and provisions), non-deductible expenses (i.e., disallowed expenses), and dividends distributed to the shareholders.

2.2.4. What is not subject to tax?

The taxable profit may be reduced by certain items, such as profit obtained through branches established in countries with which Belgium has concluded a double taxation treaty, exempted donations, an exemption for additional personnel, losses carried forward from a previous year and an exemption for dividend income (i.e., the dividend received deduction). Provided that certain conditions are met, bad-debt provisions need not be included in the taxable income.

Dividends received deduction

Under Belgian tax law, dividends received normally constitute taxable income. However, if the receipt is a Belgian company, article 202 of the Belgian Income Tax Code provides for a dividends-received deduction. This deduction amounts to 95 % of the dividend received. In other words, 5 % of the dividend income is in principle taxable at the normal corporate income tax rate. The application of the Belgian dividends-received deduction is subject to certain conditions regarding minimum participation and taxation of the distributing company.

Minimum participation condition

According to article 202, § 2 BITC, the dividends-received deduction is subject to a minimum participation condition, i.e. the company receiving the dividends should own a participation in the distributing company of at least 10 % or with an acquisition value of at least EUR 1,200,000. In addition, the participation has to be booked in the account of the Belgian taxpayer as a financial fixed asset and must be kept during at least one year.

Subject to tax condition

The Belgian domestic tax law foresees in a number of cases in which the dividends-received deduction will not be granted. According to article 203, §1 BITC dividends will not be tax deductible in case they are granted or attributed by the following companies:

- a company which is not subject to Belgian corporate income tax or to a similar foreign tax or which is established in a country where the common tax legislation is considerably more favorable than in Belgium. This is in general deemed to be the case if the normal corporate income tax rate is lower than 15 %;
- a finance, treasury or investment company which (although subject to an income tax mentioned in the first exclusion) benefits from a tax regime which deviates from common law;
- a company of which the profits (excluding dividends) derive from sources outside the country in which the company is domiciled for tax purposes and in which these profits benefit from a tax regime which deviates from common law;
- a company, to the extent that it realizes profits which arise as a result of the activities of one or more foreign permanent establishments, whereby these profits are globally subject to a tax regime which is considerably more favorable than the Belgian tax regime;
- a company, other than an investment company, which passes on dividends which would not be deductible themselves for at least 90 % under paragraphs 1° to 4° above.

2.2.5. Deductible expenses

General

In general, all expenses and charges incurred or borne during the relevant taxation period in order to obtain or to retain taxable income are deductible. In order to qualify as deductions, the expenses must have been paid during the taxable period or must have acquired the character of a definite liability at the end of the tax year and must be recorded as such in the accounts. As a general rule it can be stated that expenses are deductible if they are justified properly and if the payee can be identified. Some specific expenses may be wholly or partly disallowed (French: dépenses non admises; Dutch: verworpen uitgaven).

Disallowed expenses

According to Belgian tax law, the tax-deductible amount of some expenses is restricted, such as car related expenses (other than fuel expenses, interest charges and car phone expenses) and expenses related to promotional gifts which are in principle tax deductible only up to 75 % and 50 % of their amount respectively. Certain other expenses are entirely disallowed, such as certain taxes imposed by the regions.

2.2.6. Depreciating or amortizing your investments

First depreciation annuity

Generally, depreciations are deductible expenses. The first depreciation annuity on intangible and tangible fixed assets is a tax-deductible expense in proportion to the part of the accounting year that has not yet elapsed on the date on which the assets are acquired or constituted (deduction pro rata temporis), unless the company can be considered as a small company. A small company (please find the conditions for a small company in section 1.1.3.3.) can deduct a full depreciation annuity in the year in which the assets are acquired or constituted.

Accessory costs

Accessory costs relating to the acquisition or constitution of depreciable intangible and tangible fixed assets must be depreciated at the same rate as the acquisition value of the asset, unless the company can be considered as a small company. In that case, accessory costs relating to the acquisition of assets (e.g. non-deductible VAT) can be depreciated either entirely in the accounting year during which the asset has been acquired, or at the same rate as the acquisition value of the asset.

Depreciation methods

The most common method used to depreciate an asset is the straight-line method. Under the straight-line method, taxpayers can apply each year the same amount of depreciation, except for the first depreciation annuity (see above). Under the declining balance method, taxpayers can

apply a maximum depreciation rate of twice the rate applicable under the straight-line method. This rate is applied on the net book value. The depreciation annuity may however not exceed 40 % of the acquisition value. When the amount of depreciation calculated becomes lower than that allowed under the straight-line method, it is permissible to apply the latter method. The declining balance method can not be applied for some specific assets, such as vehicles.

Rates

In general, depreciation rates differ by type of asset. The following annual rates, under the straight-line method, are generally accepted.

Office building	3 %
Industrial buildings	5 %
Machinery and plant equipment	10 to 20 %
Office furniture and equipment	10 to 15 %
Vehicles	20 to 25 %
Small tools	33 to 100 %

2.2.7. Capital gains/losses on your investments

Capital gains

Realized capital gains

Capital gains realized on shares, the dividends of which qualify for the dividends-received deduction (for more information on the dividends-received deduction, please see section 2.2.4.), are in principle tax exempt. The minimum participation and holding period requirement and the condition regarding the nature of “financial fixed assets” applicable to the dividends-received deduction do not apply to the exemption of capital gains.

Capital gains realized on tangible and intangible fixed assets are generally considered taxable profits. However, capital gains realized on assets which are held for purposes of business activity for more than 5 years prior to alienation, are eligible for a deferred taxation regime. Capital gains realized on intangible fixed assets will only be eligible for deferred taxation if amortization has been accepted on these assets for tax purposes. The deferred taxation is subject to the condition that reinvestment is made in depreciable tangible or intangible fixed assets within three years of the first day of the taxable period in which the gain is realized. For reinvestment in buildings, ships or aircraft the reinvestment period is increased to 5 years. The capital gains are subject to taxation at the normal rate and at the same pace as the depreciation of the reinvestment.

~~Unrealised~~~~Unrealized~~ capital gains

~~Unrealised~~~~Unrealized~~ capital gains (booked revaluations) are exempt from tax if the gains are recorded as a tax-free reserve and are not used as a basis to determine profit appropriations to shareholders, directors and legal reserves.

Capital losses

Capital losses are a tax-deductible item if they relate to fixed assets used for business purposes. ~~Unrealised~~Unrealized capital losses on shares (booked devaluations) are not tax-deductible. ~~Realised~~Realized capital losses on shares are deductible only to the extent that they correspond to actual losses of paid-in capital on these shares, incurred upon the final distribution of the capital at liquidation.

2.2.8. Transfer pricing

With respect to transactions between related companies, attention should be paid to the fact that the Belgian tax authorities may investigate whether these transactions take place according to the “arm’s length” principle. This means that the Belgian tax authorities require that the conditions stipulated for related companies are similar to those for third parties. If not, fiscal corrections can be made to the company’s profit on the occasion of a tax audit.

It is also recommended to have available appropriate global transfer pricing documentation (functional and economical analysis, contracts, etc.), along with the invoices specifying the services rendered. We wish to note that the Belgian tax administration has issued an administrative circular letter with general guidelines on transfer pricing. The circular informs local tax inspectors that during audits of a Belgian taxpayer belonging to a multinational group, it is important to examine the company’s transfer pricing policy and determine whether a thorough transfer pricing investigation is necessary.

The local tax inspector can do a more limited investigation, and accept the transfer prices determined by the taxpayer only in cases where

- the taxpayer has made an effort to develop an intra-group transfer pricing policy according to the arm’s length principle (suited market conditions),
- the taxpayer has performed the necessary analysis
- the taxpayer has documented the policy, along with the underlying analysis and conclusions, with relevant, extensive and reliable documentation

2.3. Withholding taxes (dividends/interest/royalties)

Dividends, interests, and royalties paid by a Belgian company are generally subject to different rates of Belgian domestic withholding tax. The withholding tax rate on dividends is in principle 25 %. In certain specific cases, this rate can be reduced to 15 %. For interest and royalties, the withholding tax amounts to 15 %. If paid to residents of treaty countries, the withholding tax is often reduced or exempted under the double taxation treaty provisions.

For dividend, interest, and royalty payments paid to European companies, an extra basis for exemption can often be found in the Parent-Subsidiary and Interest and Royalty Directives.

Parent-Subsidiary directive

Under the EU Parent-Subsidiary Directive, a withholding tax exemption in principle applies to dividends distributed by a Belgian company if the recipient company:

- Is established in Belgium or another EU member state;
- Holds a participation of at least 15 % of the capital of the Belgian distributing company (with effect from 2007). This level will ultimately be reduced to 10 % as of 2009;
- Maintains this participation for an uninterrupted period of at least one year or must commit to hold it for a minimum period of one year;
- Both companies have an eligible legal form

A recent change in Belgian tax law brought about that dividends which are paid to companies established in a country with which Belgium has concluded a double tax treaty, will also be exempt from any withholding tax (e.g. The United States).

Interest and Royalty directive

Based on the implementation in Belgian tax law of the EU Interest and Royalty Directive, a withholding tax exemption can, in principle, be obtained on interest and royalty payments between two associated companies, provided the associated companies are regarded as being two companies established in the EU and meet the following conditions:

- That one of the two companies has held a direct or indirect participation of at least 25 % in the capital of the other one for an uninterrupted period of at least one year;
- That a third EU tax resident company has held a direct or indirect participation of at least 25 % in the capital of each of the companies for an uninterrupted period of at least one year;
- When the participation has not been held for a minimum of 12 months at the time the payment is made, the company concerned must commit itself to observing the 12 month period, and the withholding tax normally due in principle must be kept by the distributing company until the 12 month requirement has been fulfilled;
- Both companies have an eligible legal form.

2.4. VAT

Who is subject to VAT?

Any person (individual or legal entity) whose economic activity consists of performing, in a regular and independent manner, with or without profit motive, on a principal or an accessory

basis, supplies of goods or services as referred to in the law, is subject to VAT (Value Added Tax), wherever this economic activity is carried out.

What is subject to VAT?

Belgian tax law enumerates the following taxable transactions:

- The supply of goods within Belgium: the transfer of the power to dispose of tangible property as owner;
- The supply of services within Belgium: any transaction which does not constitute a supply of goods within the meaning of the (Belgian) VAT law;
- The importation of goods into Belgium from outside the European Union
- The intra-Community acquisition of goods in Belgium: the acquisition of the power to dispose as owner of tangible movable property that has been dispatched or transported by the supplier or by the buyer or on their account to another Member State than the Member State from which it has been dispatched or transported.

However, there are certain exemptions whereby input VAT cannot be deducted (French: *taxe sur la valeur ajoutée*, with the French abbreviation TVA; Dutch: *belasting over de toegevoegde waarde*, with the Dutch abbreviation BTW), such as the supply of immovable property (when subject to registration duties) and exempt transactions whereby input VAT can be deducted, such as export transactions.

Place of taxable transactions

The application of Belgian VAT is limited to those supplies of goods and services that take place in Belgium. In order to determine the place of these supplies, the VAT Code (French: *Code TVA*; Dutch: *Wetboek BTW*) stipulates certain rules with respect to goods and services.

Goods

General rule: the place of supply is the place where the goods have been put at the disposal of the recipient. In case the goods are dispatched or transported, either by the supplier or by the recipient or by a third person, the supply is deemed to take place where the transportation starts.

Services

General rule: the place where a service is supplied is deemed to be where the supplier has established his business or has a fixed establishment from which the service is supplied or, in the absence of such a place of business or fixed establishment, the place where he has his permanent address or usually resides. Exceptions on this general rule are amongst others services relating to real estate and specific services (e.g. advertising) performed for customers established outside the EU or for taxable persons established in the EU, but not in the same country as the supplier.

VAT rates

The following VAT rates are currently in force:

- A rate of 0 %, which is applicable to tobacco, newspapers, periodicals and recuperation materials;
- A reduced rate of 6 %, which is applicable mainly to goods and products considered to be necessities of life, and to construction work on old buildings (under certain conditions);
- An intermediary rate of 12 % applicable to coal (cokes), tires for agricultural machines and tractors, pay TV, social housing, pharmacy and margarine;
- A standard rate of 21 %: this is the basic rate which applies to all supplies of goods and services that are not explicitly subject to the VAT rate of 0 %, 6 % or 12 %.

Computation and payment of VAT

The VAT due is computed by applying the appropriate rate on the price of goods and services supplied by the taxable person during a VAT declaration period. This amount of VAT due is compensated with the input VAT paid on goods and services supplied to the taxpayer during the same period.

In principle, VAT returns have to be filed on a monthly basis. However, if the taxpayer's annual turnover does not exceed EUR 1,000,000 the investor is allowed to file the VAT returns on a quarterly basis. In that case monthly prepayments have to be made. The filing of VAT returns and the payment of VAT due have to be made no later than the 12 of the month following the VAT return period (monthly or quarterly).

Obligations

The individual or company who is subject to VAT has the following obligations:

- When starting, modifying or closing the activity, one should file a return with a VAT office or with an Enterprise Counter Office within one month;
- Issue an invoice (including VAT) for the goods or services supplied. For deliveries to private individuals for private use, no invoice will, in principle, be required. However, such transactions must be entered in the daily income book.
- Pay the VAT due for the past month or the past 3 months to the tax authorities.
- To maintain a VAT bookkeeping which is adapted to the nature and scale of the company. The minimum requirements for such VAT bookkeeping are:
 - an incoming invoice book;
 - an outgoing invoice book;

- a daily income book, in which all transactions are registered for which no invoice was issued.

- Once a year, one should file an annual listing of all taxable customers to whom goods or services have been supplied during the last year. This list must also state the total amount of these transactions and the output VAT (VAT on the price of goods and services supplied by the taxable person). This listing must be filed before 31 March.
- Keep a schedule of the assets to facilitate checking the VAT deducted by the taxable person.

Electronic VAT return

The obligation to file VAT returns electronically will become applicable for all VAT taxpayers who have to file a periodic return.

Introduction of the VAT grouping as from 1 April 2007

As from 1 April 2007, a group of taxpayers can – under certain conditions – be treated as one and the same VAT payer at the national level. VAT will not be due on the transactions realized between the members of the VAT grouping. Moreover, the VAT grouping must file only one VAT return for its members.

Non-resident taxable persons

A non-resident taxable person who has a permanent establishment for VAT purposes in Belgium is treated as a resident for tax purposes. Following the new Belgian legislation regarding fiscal representation, a non-resident taxable person who performs taxable activities in Belgium and who has no permanent establishment has, in principle, no longer the possibility to register for VAT purposes in Belgium, since a general reverse charge mechanism is applicable. However, VAT registration is compulsory in several cases. If a non-EU business has to register for VAT in Belgium, the appointment of a fiscal representative is compulsory. This fiscal representative will fulfill all the administrative requirements, such as the filing of the VAT returns and the payment of the VAT due. On the contrary, an EU business can opt for a direct VAT registration or for a VAT registration with appointment of a fiscal representative in Belgium.

2.5. Other indirect taxes

Other indirect taxes comprise, in order of importance, excise taxes, registration fees, stamp duties, customs duties, gift and inheritance taxes.

Excise taxes

Excise duties are levied on the production and the importation of a number of goods. There is an EU excise on mineral oils, alcohol & liquids containing alcohol and on tobacco fabrics. A national excise duty exists for coffee and non-alcoholic beverages.

Registration duties

Certain legal transactions are subject to registration duties. The most important legal transactions subject to registration duties are summarized below:

- Sale of real estate situated in Belgium;
- Letting of real estate situated in Belgium;
- Funding of a mortgage on real estate in Belgium;
- Contributions of assets to companies – distinction must be made between contributions in cash, contributions in kind and a combination of both kinds of contributions.

Stamp duties

Duties are levied on the issuing of certain bank documents and other official documents and extracts.

Customs duties

Customs duties are taxes, which are levied on certain imported goods. Customs duties are no longer levied on goods imported from other EU countries.

Inheritance tax & gift tax

Belgium levies two types of inheritance tax. An inheritance tax is levied on inheritances from Belgian residents, and a transfer tax at death is levied on inheritances from non-residents with immovable property in Belgium. If the deceased has established his domicile or center of economic interests in Belgium, inheritance tax is levied on his worldwide net property. If the deceased was a non-resident, transfer tax at death is levied on the value of his immovable property situated in Belgium, without deduction of any debt.

The inheritance tax rates are progressive and range from 3 % up to 90 %. The rates vary depending upon the relationship of the beneficiary to the deceased, upon the beneficiary's share in the estate and upon the region where the deceased has established his domicile. Depending upon the region, a tax-free allowance or a tax reduction is granted to the spouse and beneficiaries in direct line of ascendance or descendance. Furthermore, and subject to certain conditions, a reduced rate applies to the transfer at death of family-owned businesses.

A gift tax is imposed on the registration in Belgium of gifts of real or personal property. The applicable rates are progressive and vary between 3 % and 80 %.

3. Human resources

3.1. Belgian ~~labour~~labor market

The Belgian ~~labour~~labor market is characterized by a highly educated, multilingual, flexible and loyal workforce. Employees generally have excellent language skills: Dutch, French, English, and German. Working hours generally total a maximum of either 7 hours and 36 minutes per day, or 38 hours per week. But the law also provides for numerous exceptions. Flexible working hours permit employers to adapt their working hours to their company's actual needs. It is common knowledge that Belgium's productivity is among the highest in the world, which is due in part to the country's high education and training standards. Schooling is compulsory in Belgium between the ages of 6 and 18. However, it is possible from the age of 15 to combine attendance at school with part-time work.

Employment agencies can help you find suitable employees. They can contact the individuals listed in their extensive database and refer candidates for potential employment. Companies can also insert classified ads in newspapers or place notices at universities.

The VDAB is the Flemish Public Employment Service and has an extensive database of candidates for potential employment.

VDAB (Public Employment Service of the Flemish Region)

Keizerslaan 11, B-1000 Brussels

T. +32 2 508 38 11, F. +32 2 506 15 90

Service line: +32 800 30 700

www.vdab.be

e-mail: info@vdab.be

If you live in the Walloon or in the Brussels Capital Region, you can contact FOREM (Walloon agency for professional education and employment) or ORBEM (public employment service of the Brussels Capital region).

ORBEM (Public Employment Service of the Brussels Capital Region)

Avenue Anspach 65, B-1000 Brussels

T. + 32 2 505 77 77, F. + 32 2 511 30 52

www.bgda.be

e-mail: info@bgda.be

FOREM (Public Employment Service of the Walloon Region)

e-mail: backoffice@forem.be

Service Line: 0800 93 991

Hereafter, a first overview of what employing personnel in Belgium means is given. Employees are those who agree contractually to work under the authority of his or her employer in return for wages (unlike self-employed individuals).

3.2. Becoming an employer for the first time

New employers in Belgium must complete a number of formalities such as:

- Drafting a set of labor/work regulations, detailing guidelines, rules and regulations within the company. Some of these guidelines are set down by law. These regulations must be drafted in French, Dutch or German, depending on where the principal place of business is located. The work rules contain the general working conditions of the company. The employer must hand out a copy of this document to each employee. The employee is not bound by its stipulations if the employer fails to issue this document. Each employer of at least one full-time or part-time employee, regardless of the professional activity, must establish work rules;
- An occupational hazard insurance policy must be concluded before any employees start work. Occupational accidents are those accidents that occur during working hours and at work or on the road to or from work. Should an accident occur, the employer must immediately report it to his insurance company. This insurance covers both medical costs and the wages should the employee be unfit to work as a result of this accident. An employer can only take out the insurance with a Belgian insurance company. If the employer fails to do so, he will be officially affiliated to the Industrial Accidents Fund (Dutch: Fonds voor Arbeidsongevallen; French: Fonds des Accidents du Travail). If an industrial accident occurs, the Fund will reimburse the victim, but afterwards the amounts will be recovered from the employer.
- Each employer is also obliged to sign up with an occupational health service;
- Every new employee must also be electronically registered with the Belgian National Office for Social Security (“NOSS”) no later than the employee’s first day of work. This notification is called the DIMONA (French: Déclaration Immédiate; Dutch: Onmiddellijke Aangifte). When hiring an employee, the notification must be done before this person actually takes up work, or on that day at the very latest. When an employee leaves the company, this must also be reported on the following day at the very latest. A DIMONA notification can only be done electronically, no paper notifications will be accepted by the NOSS. In case of a late declaration, the NOSS can fine you. Employers who have to do a DIMONA-notification are not required to keep a general personnel register (a general personnel register identifies all employees by means of a number that is followed by a serial number, in chronological order according to the starting date of employment);
- Employers are also obliged to keep an individual account for each employee. The individual account is a detailed overview of all operations that the employee has performed on behalf of the employer during a year. A model can be found at the website of Federal Public Service Employment, [Labour](http://www.federaal-labour.be) and Social Dialogue www.employment-belgium.be/home.aspx
- The employer is obliged to issue a pay slip to the employee. This is a kind of an excerpt from the individual account that must enable the employee to verify whether his/her wage calculation was done properly and which deductions have been done. The pay slip must be given to the employee at each final wage payment. In principle, the pay slip must be given to the employee every month, unless the final wage payment occurs more

often (e.g. on a weekly basis,). Employers in the public as well as in the private sector must meet this requirement, with the exception of foreign employers seconding temporary employees to Belgium (on the condition that specific conditions are observed). A model can be found at the website of Federal Public Service Employment, [LabourLabor](http://www.meta.fgov.be/pa/paa/framesetnlce00.htm) and Social Dialogue: www.meta.fgov.be/pa/paa/framesetnlce00.htm;

- Should an investor employ people on more than one location, he/she is obliged to keep a personnel register at each location;
- In the event of secondment and simultaneous employment of employees in several countries of the European Economic Area, an E101 Form must be applied from the NOSS. This document accompanies the employee and specifies the social security legislation to be applied;
- The employer has to set up an internal prevention and protection department and appoint at least one prevention advisor. In companies employing less than 20 people, the employer may hold this position himself.
- Employers in the building sector have to register with the employers' compensation fund. This fund secures the repayment of the guaranteed wage in the event of a worker's illness in companies employing under 10 people.

When employing local personnel in Belgium, also various affiliations with different services and institutions are compulsory, such as:

- The NOSS (French: O.N.S.S.; Dutch: R.S.Z.), Victor Hortaplein 11, B-1060 Brussels, T. +32 2 509 31 11, F. +32 2 509 30 19, e-mail: webmaster@onssrszls.fgov.be
- For blue collar workers: Vacation Allowance Fund (French: Caisse de Vacances Annuelles; Dutch: Kas voor Jaarlijkse Vakantie): The company has to join the appropriate fund depending on the sector. Some sectors have their own holiday fund. If this is not the case, they must join the Public Service for Annual Holidays, Elyzeese Veldenstraat 12, B-1050 Brussels, T. +32 2 627 91 11, www.onva-rjv.fgov.be, or a special holiday fund, if this is imposed by a collective agreement;
- Child Benefit Allowance Fund (French: Office National d'Allocations familiales pour travailleurs salariés; Dutch: Rijksdienst voor Kinderbijslag voor Werknemers): The company has to join a fund within 90 days after the employment. After the expiry of this period, the employee has officially joined the Public Service for Child Benefit for Employees (Trierstraat 70, B-1000 Brussels, T. +32 2 237 21 11);
- External Service for Prevention and Protection at work (French: Service Médical Interentreprises; Dutch: Externe Dienst voor Preventie en Bescherming op het Werk), www.idewe.be, e-mail: luk.hendrickx@idewe.be.

3.3. Employment and social security regulations

Employment

Belgian law makes a distinction between various types of employees, the two main categories being [labourerslaborers](#) (a.k.a. blue-collar workers) and clerks (a.k.a. white-collar workers). [LabourersLaborers](#) are those employees that perform mainly physical or manual [labourlabor](#).

Clerks are those employees that mainly perform work of an intellectual nature. This classification affects the amount of the employees' vacation leave, their probation period, etc.

Working hours

Maximum working hours will be determined by the joint industrial committee (see below). In most cases, this will be 38 hours per week. Working part-time is also a possibility. Except for a few legally defined exceptions, overtime is prohibited in Belgium. Where allowed, a surcharge must be paid to the employee (50 % for overtime during weekdays, 100 % during weekends and on national holidays). Furthermore, the employee is entitled to compensatory leave. These rules do not apply to employees holding an executive or confidential function within the company, sales representatives and domestic personnel.

~~Labour~~Labor cost

The main components of the full ~~labour~~labor costs are the gross wages and the employer's social security contributions. An investor is free to set the gross wages of the employees as long as he/she keeps in mind that each sector (or joint industrial committee) has its own minimum wages.

Employment contracts

An employment contract is vital to every employer-employee relationship. Once again, Belgian legislation differentiates between ~~labourers~~laborers and clerks. Employment contracts can be drawn up for permanent appointment, temporary appointment or for a well-defined project and can be either fulltime or part-time. Employment contracts for Belgian employees are only considered legal when drawn up in one of the three national languages (Dutch, French or German). Choice of language depends on the place of employment and is not a free choice. Written employment contracts are not required, but they are usually recommended.

An employer should carefully comply with certain prescribed rules when terminating an employment contract. Contracts can always be unilaterally terminated by either party without prior consent of any official authority. A contract for permanent employment can be terminated unilaterally in two ways: with a term of notice during which the contract has to be respected, or by payment of a severance fee. The exact duration of the term of notice depends on the seniority of the employee and on whether the employee is a ~~labourer~~laborer or a clerk. A contract can always contain a probationary term. This means that during this period shorter terms of notice can be used. The maximum duration of probationary terms run to 6 months for clerks (in some cases 12 months) or 2 weeks for ~~labourers~~laborers. An employment contract for temporary employment can only be terminated unilaterally on the condition of a severance fee being paid. This does not hold for termination of such a contract during the probationary term though. Therefore it could be better to use a permanent contract with a maximum probationary term than actually draw up a contract for temporary employment.

Standard Belgian contracts always mention monthly wages for clerks or hourly wages for ~~labourers~~laborers. It is advisable to agree on a gross monthly income with the employees, as it could become difficult to estimate what the total ~~labour~~labor cost would be when agreeing on yearly income or net wages (the difference between net and gross wages depends largely on the familial situation of your employee). Otherwise, this could lead to discussions should something change in the employee's familial situation.

Sickness

Even when an employee is unable to ~~honour~~honor his contract due to sickness, he retains the right to wages for a certain amount of time and under certain conditions. The exact arrangements depend largely on the category of employee but always have the objective to guarantee the net income of the employee during a 30 day period.

- For clerks, the employer simply pays out the wages for the first 30 days of sickness. During the probation term, the same rules apply as for ~~labourers~~laborers.
- For ~~labourers~~laborers with more than one month seniority the first two weeks full wages are paid by the employer. For the remainder of the first 30 days the employee receives a benefit from the national Health Service, and the employer only makes up the difference between this benefit and the normal wages. Should the duration of the sickness be less than 14 days, the first day is unsalaried in principle.
- For ~~labourers~~laborers with less than one month seniority the employer never pays any wages during sickness. The National Health Service pays the employee; this principle also holds for clerks during their probationary term.

Vacation

The exact total of vacation days an employee is entitled to depends on the amount of months he has worked in the previous year. A fulltime employee (5 days a week) that has worked the whole previous year through is entitled to 20 days. Joint industrial committees or individual employers can grant extra vacation days. Vacation days are always salaried.

- For clerks these days are simply paid by the employer as if the clerk had actually worked on that day. The holiday bonus is paid out in the month the clerk takes up his main vacation.
- Once a year, ~~labourers~~laborers are paid out a lump sum by the National Fund for Annual Holiday containing both pay for the actual vacation days (i.e. the singular holiday wages) and the holiday bonus (i.e. the double holiday wages).

A 13th month is normally paid to all employees at Christmas, by collective agreement.

Public holidays

10 Public holidays have been laid down by Royal Decree. It is basically prohibited to have any of your employees work on these days.

Protection for specific groups

Belgium offers protection to certain groups of employees. For example, special rights are granted to women once pregnancy becomes known to their employer.

Organizations representing employees

Any business employing 100 or more people on average must establish a works council, which is an employee representative body. The works council is, in principle, composed of an equal number of employees' and employers' representatives. The works council is mainly an advisory body, which cannot interfere with the actual management of the enterprise. In addition, the employers must establish a fully fledged committee for the prevention of accidents and protection at work. As soon as 50 or more people are employed, the employer must set up such as Prevention and Protection Committee. The Prevention and Protection Committee is an employee representative body that advises on issues such as hygiene, health and safety. As in most continental European countries, trade unions play an important role in business in Belgium. They are involved in the industrial committees and they may be involved at the level of individual businesses through trade union delegations. The minimum number of staff in a plant or company needed to establish a union delegation varies from 30 to 50.

Special requirements for foreign (non-Belgian) workers

Belgium classifies a foreign employee's relationship with his employer in one of two ways: temporary secondment or attachment. In the case of temporary secondment, the employment relationship is maintained with the foreign (non-Belgian) company, which assigns the employee on a temporary basis to Belgium in view of organizing, reorganizing or controlling its activities. The employee cannot become an employee of the Belgian company. The seconded employee remains on the payroll of the foreign company and continues to be covered by the foreign company's social security scheme. In the case of attachment, the foreign employee becomes the employee of the Belgian business and is therefore listed on its payroll and becomes subject to the Belgian social security system.

Social security

All employed persons are covered by the Belgian social security system unless an international treaty provides otherwise, with social security contributions being collected by the NOSS. Social security in Belgium is based on the so-called solidarity principle, meaning that both employers and employees provide the capital for funds covering certain risks. The NOSS collects and distributes these contributions over the various government bodies that grant social benefits when necessary, such as unemployment (via National Employment Office), pension (via National Pension Office), sickness (via National Health Service or employee's health insurance), disability (via National Health Service or employee's health insurance) and child benefit (via the employer's child benefit funds). To receive sickness or disability benefits, an employee must

register with a Health Service of his own choice. Conversely, the employer must register with the child benefit fund of his own choice. All other registrations are done automatically when you register as an employer with the NOSS. Occupational hazard insurance is not covered automatically (see above).

Blue- and white-collar workers pay 13,07 % of their salary, while employers' social security contributions amount to approximately 35 % of that salary (the percentage is somewhat lower for white-collar workers and somewhat higher for blue-collar workers). The employer's social security contributions vary for each category of workers (~~labourers~~laborers, clerks,...), but are always based on the gross income of the employee (for ~~labourers~~laborers based on one 108 % of gross income, for clerks on 100 %). Employers are liable for remitting both these amounts, which vary for each category of worker. If certain conditions are met, the NOSS substantially reduces the contributions due when employers hire their first 3 employees. Labor costs primarily comprise the gross salary and employers' social security contributions.

The social security system covers health care, sick leave, unemployment benefits, family allowances, etc. This package provides for much broader coverage than in most English-speaking countries.

For employers who have only started hiring people after 31 December 2003, or for those that have not been subjected to NOSS contributions for more than 4 quarters, the NOSS provides substantial reductions on its contributions when these employers hire their first 3 employees.

Foreign (non-Belgian) nationals

Attention should be paid to the fact that Belgium has made social security treaties with several states within and without the European Economic Area, by which expatriates from these countries can elect to remain covered by their home country's social security scheme while working in Belgium and be exempt from social security in Belgium.

Payroll office

As this roadmap cannot cover all aspects of employment, it is also advisable to register with a payroll office/social secretariat (Dutch: sociaal secretariaat; French: secrétariat social). This office serves as a go-between between employers and the Belgian government. As a specialized firm, the secretariat takes over all administrative responsibilities, such as the monthly calculations and organization of the professional withholding tax declarations and payments to the NOSS and the Federal Public Service Finance.

Joint industrial committees

Belgium has developed a consensus model of industrial relations, which is based on negotiation between all parties. As a result of this approach, Belgium has one of the lowest levels of strike activity in Europe. In Belgium, all entrepreneurial activities are divided into economic sectors (e.g. chemical industry). About 150 different sectors are officially acknowledged. Each employer

always falls under the jurisdiction of one of these sectors. The legal framework for each sector is provided by joint industrial committees (French: comité paritaire; Dutch: paritair comité). Both employers and employees are equally represented within these committees and together they draw up CLA's (Collective ~~Labour~~Labor Agreements), which lay down ~~labour~~labor conditions within each sector. These CLA's are legally binding for each employer within the relevant sector, even if he or she could not agree with its contents. At any time CLA's can overrule individual contracts between employee and employer, even if the latter is not a member of any of the organizations that drew up the relevant CLA. Amongst other things, CLA's determine minimum wages, premiums and bonuses, if such exist, and working hours.

3.4. Special expatriate regime

General

Under certain conditions, foreign (non-Belgian) executives, researchers and specialists can benefit from a special tax status, which is considered very favorable.

Conditions

In order to qualify for the special tax status, executives must be foreign (non-Belgian) nationals and exclusively carry out duties that require them to have special knowledge and responsibilities. Foreign researchers and other specialized foreign staff (i.e. persons who are so highly specialized that recruiting such staff in Belgium would be extremely difficult) will generally qualify for the special tax status as well.

In order to be considered for the special tax status, the expatriate also has to comply with the following conditions:

- Employment in Belgium must be within a qualifying company (i.e. a local place of business of a non-Belgian company, a Belgian entity belonging to an international group of companies, a control or coordination office for these companies that renders services within the international group, or a scientific laboratory or research ~~center~~center belonging to an international group of companies);
- Employment in Belgium must be of a temporary nature;
- Expatriates must qualify as non-residents of Belgium (i.e. their residence or the focus of their economic and personal interests must not be situated in Belgium).

Advantages

Apart from the fact that the foreign executives benefiting from the special tax status are treated for tax purposes as non-residents of Belgium and are therefore taxed on their Belgian-source income only, the special expatriate tax status also offers two important tax advantages to foreign executives:

- Reimbursements made by the employer to cover the additional expenses incurred as a direct result of the assignment or employment in Belgium are treated as costs proper to the employer, which are, within certain limits, non-taxable for the expatriate (the “tax-free expatriation allowances”) and deductible for the employer. Qualifying as an “additional cost” in the above context are the excess charges and expenses expatriates have to sustain as a direct result of living in Belgium over and above the charges and expenses that they would have if they worked in their home country. These non-taxable allowances include once-only expenses, such as expenses caused by the expatriate’s move to Belgium and regularly recurring expenses, such as the difference in the cost of housing and cost of living between Belgium and the expatriate’s home country;
- The executive benefits from an exemption for the part of his/her compensation that relates to business duties carried out abroad (the “travel exclusion”). This part is left out of the executive’s taxable compensation and is thus exempted from Belgian tax.
- Employment income: both the tax-free expatriate allowances and the portion of salary relating to business services rendered abroad (outside Belgium) are taken out of the expatriate’s taxable income from employment. The net taxable employment income after this deduction is then taxed in the same way as the taxable income of a resident of Belgium (i.e. applying the same tax rates and exemptions) and is likewise added to other income from Belgian sources.

A distinction should be made between non-repetitive expenses and repetitive expenses. The repetitive expenses are considered reasonable only to the extent that they do not exceed:

- EUR 11,250 for executives of operating companies;
- EUR 29,750 for executives of control and coordination offices, scientific research centers and laboratories.

However, education allowances or reimbursements, even though received annually, as well as non-repetitive expenses, may be excluded without limit in addition to the above maximum amounts.

What is taxable?

As non-residents for tax purposes, they are taxed on:

- Professional income: according to the general rule, non-resident executives are taxed on their Belgian-source employment income only. They benefit from special tax reliefs and abatements;
- Real estate: tax is levied only on property located in Belgium;

- Investment income: non-resident executives, generally, are not taxed on investment income, unless the income involves dividends or interest paid by a Belgian company. Dividends are generally subject to a tax rate of 25 %, interest to a tax rate of 15 %.

Formalities

The formalities to be gone through in order to benefit from special expatriate tax status are mainly the responsibility of the expatriate's employer, who has to file a once-only application with the Tax Director at the "Foreign Entities" service.

This application must be filed within 6 months starting from the first day of the month following that in which the employment or assignment in Belgium begins. The tax office will not consider applications it receives after that period, unless there are very special and exceptional circumstances that justify its doing so. Under certain conditions, the tax office may still grant applications received after the 6-month period for which there are no special justifying circumstances, but it will do so only as of the year following that in which the late application was filed.

The application must comprise one or more files, one for each expatriate wishing to benefit from special tax status, including their personal, formal request for the special tax status. Sufficient information must be given to enable tax officers to verify that all conditions for applying the special tax status have been met and whether the costs proper to the employer that the applicants would wish to be reimbursed free from tax have been justified.

4. Incentives

4.1. In general

General

Different fiscal (tax), parafiscal, and financial incentives have been issued. These are either managed by the regional authorities or administered on the federal level. There are numerous regional subsidies for economic expansion, environmental protection and employment, and some investors can benefit from a contribution from the fund. Some important incentives with respect to tax, R&D, employment, and small and medium-size enterprises are explained below. Besides, various incentives with respect to investments, export, risk-bearing capital, and the environment have been issued as well.

Contact

Federal

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Louisalaan 54, B-1000 Brussels
T. +32 2 514 13 33, F. +32 2 514 51 23

E-mail: info@ccnim.be

Flemish region

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- Antwerp

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- Limburg

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- East Flanders

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- Flemish Brabant

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- Ministry of the Flemish Community
Afdeling Economisch Ondersteuningsbeleid
Ellipsgebouw
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Walloon region

- Ministry of the Walloon Region (Ministère de la Région wallonne)
General Direction of Economy and Employment
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- Regional Investment Company Wallonia
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Brussels-Capital Region

- Regional Development Company Brussels
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- Regional Investment Company Brussels
Stassartstraat 32, B-1050 Brussels
T. +32 2 548 22 11, F. +32 2 511 90 74
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- Brussels Starter Fund (Brustart)
Stassartstraat 32, B-1050 Brussels
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e-mail: brustart@gimb.be

4.2. Tax incentives

4.2.1. Notional interest deduction

General

As from assessment year 2007 companies are entitled to deduct a so-called “notional interest deduction” from its tax base. This measure is intended to encourage the strengthening of companies’ equity capital by narrowing the discrimination now seen between funding with equity capital or with loan capital. Belgium is the first country that has implemented such an innovative measure.

Who can benefit?

All Belgian companies can benefit from the notional interest deduction, provided they have sufficient equity capital. In order to benefit from the notional interest deduction for their Belgian establishments, or for their real estate located in Belgium, non-resident companies must establish annual accounts, and keep their books according to Belgian legislation for the transactions of their Belgian establishments. Even when not mandatory for them, those companies must do so voluntarily to benefit from the risk capital deduction.

Entry into force

The measure has entered into force as from assessment year 2007 (this means as from 1 January 2006 for companies that keep their books on a calendar year basis).

Rate applicable

The allowed deduction for assessment year 2007 is 3,442 % of the corrected equity (3,942 % for companies qualifying as small). The applicable rate for assessment year 2008 equals 3,781% (4,281% for small companies).

“Adjusted equity capital”

All companies subject to resident or non-resident corporate tax can deduct an amount based on their “adjusted” equity capital. The calculation starts with the company’s equity capital at the end of the previous taxable period, which would be reduced by:

- The net fiscal value of own shares, of shares and participations that are part of the financial fixed assets and of shares of investment companies of which the dividends qualify for the dividends received deduction;
- The net worth of foreign permanent establishments and/or foreign real estate;

- The net book value of tangible fixed assets or parts thereof and to the extent that the costs unreasonably exceed the professional needs;
- The book value of assets that are held as an investment and that do not generate periodic income;
- The book value of real estate or of other immovable rights of which the use is granted to directors, their spouse or their children;
- Revaluation gains (including revaluation gains incorporated in capital) and capital investment subsidies.

Transferable for seven years

If the company's taxable base is not sufficient to completely utilize the notional interest deduction, the difference will be transferred to the next taxable period. In contrast to normal losses that can be transferred without limitation, the unused notional interest deduction can be transferred for only 7 years following the year of the deduction.

Opportunities

Simulations have shown that the notional interest deduction can create a considerable tax benefit for companies that have good solvency ratios. This will create a valuable alternative for the expiring Coordination Center Regime and increase the attractiveness of Belgium for capital intensive companies, equity funded headquarters and treasury centers. The opportunities for optimizing the structure of the balance sheet should be examined. The policy for financing new investments (equity versus loan capital) must be reevaluated. Therefore, it is advisable to appeal to your accountant and/or tax consultant.

4.2.2. Advance tax agreements (the Belgian ruling system)

General

Considering the increasing importance for investors of obtaining legal certainty on the tax treatment or on the tax consequences of the transactions they are planning, Belgium has adopted a new general ruling practice in tax matters. All (potential) taxpayers (individuals and companies; residents and non-residents) as well as (potential) investors may request an "advance ruling," under which the "Office for Advance Decisions", which was created within the Federal Public Service Finance, determines how the tax law will apply to a particular situation or specific transaction that, for tax purposes, has not yet arisen or occurred. The ruling is binding for the tax authorities. Moreover, the possibilities of these advance rulings have been enlarged and the procedures reorganized in order to make it smoother, more rapid and more efficient. Taxpayers can request a ruling on any tax matter. The possibility to request a ruling is not limited anymore to well defined areas. Rulings may be obtained in both direct and indirect tax matters.

FDFI

Foreign investors can obtain guidance and assistance in this process from the “Fiscal Department for Foreign Investments (FDFI)”. This Foreign Investors unit has been created within the Federal Public Service Finance. This unit provides the (potential) foreign investors with all kinds of tax information and assistance in their contacts with the Tax Authorities, e.g. the FDFI provides information and assistance with regard to tax rulings supporting the above mentioned assets of Belgium.

Federal Public Service Finance
Fiscal Department for foreign investments
1 Rue Marie-Thérèse box 4 / Maria-Theresiastraat 1 – box 4, B-1000 Brussels
T. +32 2 579 38 66
E-mail : albert.wolfs@minfin.fed.be

Effects of a tax ruling

Advance tax rulings are of particular importance in assessing the possible net profits of a planned investment project and give you legal certainty for a certain period of time (the decision is valid for a maximum period of 5 years).

Procedure

The ruling service has adopted an open approach of dialogue with the applicants. It is indeed possible to organize pre-filing meetings to present the situations or transactions for which a ruling could be asked. At that stage, potential applicants may be represented by their tax advisers or accountants while remaining anonymous.

In order to file an official request, the applicant must send a written, well motivated, request considering certain mandatory aspects:

- the identity of the applicant and, if necessary, of the other (third) parties concerned;
- a description of their activities;
- a complete description of the situation or operation concerned;
- reference to the legal provisions on which the ruling should be given.

Note that the request may be sent by email. Language of the request should be Dutch or French (however attachments to the request may be written in English).

Ruling requests concerning the same situation or transaction that were introduced with the tax authorities of EU Member States or countries with which Belgium has concluded a tax treaty must be included. In this respect, the tax authorities (without enforcing this on the taxpayer) as well as the taxpayer can suggest starting bilateral or multilateral negotiations with the tax authorities of the other state or states that are involved in international transactions. A receipt has to be delivered to the applicant within 5 days after reception of the request.

The applicant may be assisted or represented during the procedure. He may ask for a meeting with the civil servants managing its request, to present his arguments and discuss remarks and questions.

Timing

The ruling should be issued within a 3 months delay. This timeframe can be changed by mutual consent between the taxpayer and the ruling service. The ruling service will inform the taxpayer of the established timeframe no later than fifteen days after the receipt of the completed ruling request. As long as the request is pending, the applicant has to inform the ruling service of all new elements concerning the situation or the transaction considered. He also may withdraw his request.

The transparency of the ruling practice is assured by the publication of the decisions on the Internet site of the Federal Public Service Finance³, by way of an individual or collective anonymous summary, respecting professional secrecy.

4.2.3. Carry-forward of losses

In Belgium, tax losses can be carried forward without a time limitation, which can be very interesting for investors starting business in Belgium. However, certain provisions of the Belgian Income Tax Code tend to limit their deduction. Losses are not deductible from profits, to the extent that such profits can be ~~characterised~~**characterized** as abnormal profit received. This measure is meant to counter-act non-arm's length profit shifts towards loss-making companies. Furthermore, tax losses carried forward of a Belgian company are, no longer deductible from the current year and futures years profits if there has been a change of control of the Belgian company, unless the change can be justified by legitimate financial or economic needs. Belgian tax law does not provide for a carry-back mechanism.

4.2.4. Investment deduction

The investment deduction is the possibility (for a company or an individual) to deduct from its taxable income a certain percentage of the amounts invested in new fixed assets used for business purposes in Belgium. The following is an overview of investment deductions for which companies and individuals can qualify (the investment deduction percentages are applicable to assessment year 2007):

³ Summaries of rulings are published in French and Dutch on a quarterly basis on Fisconet at : www.fisconet.fgov.be, under "Ruling" – Décisions anticipées (Loi 24.12.2002) / "Ruling" – Voorafgaande beslissingen (Wet 24.12.2002).

Companies (rates applicable for assessment year 2007)

For all companies

- Patents and environment-friendly investments in research and development: 14.5 % (unless the “tax credit for research and development” is selected);
- Increased spread investment deduction for environment-friendly investments in research and development: 21.5 % (unless the “tax credit for research and development” is selected);
- Energy-saving investments: 14.5 %;
- Investments encouraging reutilization of drinks and industrial products packaging: 3 %.

Small and medium-sized companies

- Investments in security: 21.5 %;
- Investments in ocean-going vessels: 30 %

Individuals

- Patents, environment-friendly investments in research and development and energy-saving investments: 14.5 %;
- Investments in security: 21.5 %;
- Increased spread investment deduction for environment-friendly investments in research and development: 21.5 %;
- Other investments: 4.5 %;

Individuals who employ under 20 people on the first day of the taxable period that is related to the tax assessment year 2007, can, if desired, phase the investment deduction for the assets acquired or established in that taxable period over the depreciation period of the assets. In this case a uniform deduction of 11.5% is fixed for the assets that are accepted for each taxable period.

4.3. R&D incentives

In general, research and development receive strong support from the government. A series of incentives clearly aim at stimulating R&D activities in Belgium, and boosting competitiveness.

Exemption of regional premiums and subsidies

The premiums and capital investment and interest subsidies for tangible and intangible fixed assets, attributed by the regional institutions within the framework of promoting research and development, will be exempt from corporate tax. This exemption will, however, be revoked, in case of alienation of the concerned fixed assets within three years.

This new exemption will apply on premiums and subsidies notified as from 1 January 2007, in so far that the date of application happens during the taxable period corresponding with assessment year 2008, or later.

Profit exemption for scientific personnel

An amount of EUR 12,780 (assessment year 2007), though limited to the taxable profit, can be deducted per additional staff member employed for:

- Scientific research;
- Enhancement and enlargement of the technological potential of the company.

The same rules are applicable for the engagement of an export supervisor/internal quality supervisor in which case internal transfers are allowed under certain conditions. The deduction will however be lost if the additional staff member is no longer employed for the purposes mentioned here above. In case of engagement of highly qualified researchers (10 years of professional experience, holder of a PHD and employed for specific activities), the profit exemption may be augmented to EUR 25,570. In order to benefit from the profit exemption, miscellaneous formalities must be fulfilled, among which the application of an attestation within three months after the end of the taxable income year.

The exemption for additional personnel employed in scientific research is abolished as from assessment year 2008 and replaced by an extension of the wage withholding tax payment exemption on the salaries paid to researchers with a doctorate degree in certain specific scientific domains, or civil engineers to holders of a master's degree in a scientific domain.

Increased investment deduction for R&D

The increased investment deduction amounts to 14.5% (assessment year 2007) and is, amongst others, applicable for:

- Patents (first use in Belgium):
- Fixed assets that are used to encourage the research and development of new products and technologies focused on the future that have no negative effect on the environment or that are aimed to limit the negative effect on the environment as much as possible.

The increased spread investment deduction for environment-friendly investments in research and development amounts to 21.5 %, regardless of the number of employees.

Different assets qualify for the increased deduction, such as RC (“Research Center”), prototypes and test- and measurement equipment. In order to benefit from the profit exemption, miscellaneous formalities must be fulfilled.

Tax credit for R&D

Belgian companies and Belgian establishments of foreign companies investing in fixed assets qualifying for the increased investment deduction for patents or for research and development will be offered the possibility to apply a corporate tax credit instead. Companies choosing to apply the tax credit cannot benefit from the increased investment deduction. Companies will be able to apply the tax credit “in one go” or to spread it over the depreciation period of the assets concerned.

The tax credit for R&D is no deduction, but a settlement with the payable taxes (i.e. a tax credit) as this would lead to a better presentation to foreign headquarters. The tax credit will start as of assessment year 2007 and is optional, but the choice for a tax credit (versus the investment deduction) is irreversible. In order to benefit from the tax credit, miscellaneous formalities must be fulfilled (these are to be determined by means of Royal Decree). The tax credit can be transferred (taking into account a certain maximum), but the balance is refundable in case the credit is not settled within 5 tax years (not applicable for the converted part). The choice between deduction and credit is in principle neutral (with regard to fiscal advantages and philosophy it is largely the same as the investment deduction), but nevertheless this can be possibly relevant, e.g. in case the company benefits from the lowered corporate income tax rate.

Exemption transfer withholding taxes

Certain companies and other institutions do not have to transfer/pay a certain percentage of the wage withholding tax to the Belgian tax authorities, which can be a benefit for the employer (lowering of the salary burden) and which is neutral for the employee:

- 65% for remunerations paid by universities, institutes for higher education, “NFWO” & “FWOV” to post-PHD researchers and assistant-researchers;
- 50% for remunerations paid by recognized scientific institutions;
- 50% for remunerations attributed to researchers, that are working on research projects in execution of cooperation agreements, concluded with universities and institutes for higher education or recognized scientific institutions;
- 50% for remunerations attributed by a “young innovative company” to her scientific personnel (researchers, research technicians and R&D supervisors, with exception of administrative and commercial personnel). The companies that qualify for this measure are small companies (in the meaning of Article 15 Sec. 1 of the Company Code) that work on research projects, and that

were incorporated less than 10 years before January 1 of the year during which the exemption of payment of wage withholding tax is granted. R&D expenses of those companies must also amount to 15% or more of their total costs of the previous taxable period;

- 25% for remunerations attributed by a (private) company to specific qualified employees (civil engineer, doctor in (animal) medicine, doctor in exact sciences) on the condition that they are employed in research and development programs. The exemption is initially fixed at 25 % but can be increased to 50% at a later date;

All regulations were already effective in the past (or as of January 1, 2006). Except the guidelines with respect to the young innovative companies, they will enter into force effective July 1, 2006. In order to benefit from the exemption, specific formalities must be fulfilled (specific formalities/burden of proof will be arranged by a Royal Decree).

Additional information

More information on this subject can be found on the following websites:

- www.iwt.be
- www.belspo.be
- www.pmv-kmo.be
- www.fisconet.fgov.be

4.4. Employment incentives

4.4.1. Financial support for temporary unemployment

An employee is temporarily unemployed when the execution of the employment contract is partly or wholly suspended on a temporary basis for various reasons. Temporarily unemployed persons are granted unemployment benefits without having to prove that they have worked a minimum number of days. This can be an important source of support for the employer, as it relieves them of the obligation to bear all of the costs of the temporary unemployment benefit conferred. If the contract of employment is not lawfully suspended, the employee cannot receive unemployment benefits. The various possible types of temporary employment are as follows:

- Temporary unemployment because of lack of work owing to economic reasons (only for blue-collar workers);
- Temporary unemployment because of inclement weather (only for blue-collar workers);
- Temporary unemployment because of a technical disorder (only for blue-collar workers);

- Temporary unemployment because of force majeure;
- Temporary unemployment because of force majeure for medical reasons;
- Temporary unemployment because of collective closure of the company for the annual holiday;
- Temporary unemployment because of collective closure of the company owing to the holiday by virtue of a generally binding collective ~~labour~~labor agreement;
- Temporary unemployment because of collective closure of the company owing to time off in lieu under the reduction of working time;
- Temporary unemployment because of strike or lock-out;
- Temporary unemployment in the event of the dismissal of a protected employee.

4.4.2. Other

A number of other employment incentives (most of which are managed by the regional authorities, but some of which are administered on the federal level) have been issued, such as the investment subsidy granted for the creation of new employment, the federal initiative to reduce social security contributions for employees who have been unemployed for the preceding 12 or 24 months, and other measures to reduce social security charges payable by employers and social security contributions by employees and special incentives for recruiting young people.

4.5. Measures specifically aimed at small and medium-size enterprises

Various measures are only applicable to SMEs, or small and medium-size enterprises, of which the following are some examples. Attention should however be paid to the fact that different criteria exist to judge whether a company can benefit from a certain measure or not.

A reduced progressive tax rate

Small and medium sized companies benefit from a reduced progressive tax rate, provided that certain conditions are met, e.g. taxable income not exceeding EUR 322,500 and no more than 50 % of the shares of the Belgian company held by another company. All these conditions can be found in article 215 of the Belgian Income Tax Code. This rate amounts to:

- 24.25% on income up to EUR 25,000;
- 31% for income EUR 25,000 – EUR 90,000;
- 34.5% for income EUR 90,000 – EUR 322,500.

These percentages are currently increased by a 3 % austerity surcharge.

Increased rate for the notional interest deduction

As from assessment year 2007 companies are entitled to deduct a so-called “notional interest deduction” from its tax base (see also section 4.2.1). The allowed deduction for assessment years 2007 and 2008 is 3.442 % and 3,781 % of the corrected equity respectively. Companies qualifying as Small and Medium-size Enterprises can benefit from an increased rate of 3.942 % and 4.281% % respectively. Companies are considered small or medium-sized when they shall not exceed one of the following criteria (article 15 of the Company Law Code):

- Annual sales (excluding VAT) EUR 7,300,000;
- Balance sheet total: EUR 3,650,000;
- Average of 50 employees

A company with more than 100 employees is deemed to be a large company.

Deduction of an investment reserve

Within certain restrictions, companies qualifying for the reduced tax rate (of which the conditions can be found in article 215 BITC) can build up a tax-free investment reserve, amounting to 50 % of their taxable result, allocated to the reserves, after certain reductions, such as the tax exempt capital gains on shares. Furthermore, there are some other restrictions related to the tax exemption of the investment reserve (e.g. reinvestment requirement, a time limitation, a limit of the amount that may be exempted). Small companies should choose between the application of the notional interest deduction and the deduction of an investment reserve as both measures can not be used at the same time.

5. Living in Belgium

5.1. Work permit and residence visa

Non-EEA nationals

General principle

Setting up your company can also imply that you wish to conduct yourself your company in Belgium or that you wish to appoint someone of your staff. In that case if a non-resident, except EEA (European Economic Area) nationals, wants to stay in Belgium for more than 3 months, or to practise a trade, profession or occupation in the country, he is normally required to go through most of the formalities while still in his own country. Depending on the activity contemplated, one of two types of documents will be required. These are either the professional card or the work permit, in addition in each case to the temporary resident's visa. In case of an investment and in order to smoothen the process, the administrative formalities can be taken care of in a co-

ordinated and speedy way by the federal and regional investment offices. To see who to contact in your own country for visa etc. click the Embassy icon on www.investinbelgium.fgov.be.

Residence permits

A non-EU citizen planning to stay in Belgium for more than 3 months and planning to carry out professional activities is required to obtain a residence permit, also called a type D visa. This visa is usually granted after the immigrant has obtained a work permit or a professional card allowing him/her to work in Belgium. An application must be filed with the Belgian Embassy (addresses can be found on the website of the Federal Public Service by clicking [here](#)) or a Belgian Consulate depending on the applicant's location abroad. The foreign worker must register with the municipality of his place of residence. The family members of a worker who holds a residence permit will automatically receive authorization to stay in Belgium from the Federal Ministry of Internal Affairs through the Aliens Department.

Professional card

- General

All non-residents, except EEA nationals (i.e. EU citizens excepted), are required to hold a valid professional card if they are self-employed, i.e. they desire to reside in Belgium to carry out a lucrative independent trade or profession; they are appointed managing director in a company incorporated in Belgium; they hold a power of attorney to operate a branch of a company incorporated in another country. The application can be filed with the Belgian embassy or consulate of the jurisdiction of the individual's last residence (for people living in a foreign country), preferably at least 6 months before starting the activity stated in the professional card application.

- Contact

Information can be obtained from one of the following addresses:

- Federal Public Service Economy

DG 1, Service Professional Cards

WTC III, Simon Bolivarlaan 30, B-1000 Brussels

T. +32 2 208 51 04 or 29, F. +32 2 208 51 47

E-mail: yolande.servais@economie.fgov.be

E-mail: veerle.bossuyt@economie.fgov.be

- Dienst Economische Vergunningen van de Algemene Directie KMO beleid van de Federale Overheidsdienst Economie, KMO, Middenstand & Energie

WTC III - 25th floor, Simon Bolivarlaan 30, B- 1000 Brussels

Veerle Bossuyt - T. +32 2 277 78 38

Christiane Andries - T. +32 2 277 79 36
Evy Cornelis - T. +32 2 277 87 60
Kathleen De Bruecker - T. +32 2 277 77 25
Rudi Luystermans - T. +32 2 277 69 64
E-mail: info.EVA@economie.fgov.be.

- Griffie van de Raad voor Economisch Onderzoek (same address)
Ludo Van Royen - T. +32 2 277 60 42
E-mail: ludo.vanroyen@economie.fgov.be.

- Federal Public Service Interior
WTC II, Antwerpsesteenweg 59b, B-1000 Brussels
T. +32 2 206 13 00, F. + 32 2 206 14 55

- Federal Public Service Economy, Service for Foreign Investments
Vooruitgangstraat 50, B-1210 Brussels
T. +32 2 277 78 08, F. +32 2 277 53 06.
E-mail: invest.belgium@economie.fgov.be
www.investinbelgium.fgov.be

- Raad van State
Wetenschapsstraat 33, B-1040 Brussels
T. +32 2 234 96 11.

The work permit

A person engaged in wage-earning or salaried employment in Belgium, and who is not a national of an EEA country (i.e. EU citizens excepted), must hold a work permit. The application must be filed by the (Belgian) employer with the local regional employment offices where the employer is settled (e.g. In Flanders the VDAB, assisted by the FFIO). The employee will then receive a work permit, which is valid for a maximum period of time (and for employment with one employer) and is renewable. The employer is responsible for obtaining and renewing the permit.

EEA national

A national of an EEA state coming to Belgium to work for more than one year is registered upon presentation of the documents required for entry (valid passport or identity card).

5.2. Schools

General

Expatriate families arriving in Belgium can choose to send their children to local schools, international schools, European schools or, in many cases, schools specializing in their own national curriculum and languages. There are American, Japanese, British, French, Dutch and German schools, for example. Education is compulsory for all children aged from 6 to 18 years.

Local schools

Local schools include community schools, subsidized private schools (mainly Catholic) and subsidized official schools, and the teaching language depends upon the region (e.g. Dutch in the Flemish region). There are generally no fees, although certain materials and trips may be charged. Virtually all schools are mixed, although there remain a small number of single-sex schools. All state schools must offer children a choice between Catholic, Protestant, Jewish or ethical studies.

Standards

The law lays down standards for all pre-school, primary and secondary schools, including those that wish to be recognized by the state. In order to receive subsidies, free and independent schools (i.e. non-state schools) must conform to the study plan and the teaching program of state schools and must also consent to state inspection. Their diplomas have the same value as those of state schools.

International schools and European schools

There is a large range of international schools, teaching in various languages and for various examinations. Some of the international schools offer own-language tuition plus special-needs facilities and may have as many as 60 different nationalities on their rolls. Others, such as the European Schools, can be limited to the children of European Union employees, for example, although additional children may be taken in should there be sufficient place. Fees for international schools can be relatively expensive.

5.3. Social security system

Belgian social security coverage (pensions, unemployment benefit, health and disability benefits, industrial accident, occupational diseases, hospitalization) is provided to those who engage in, or have engaged in, a professional activity. The benefits extend to all the members of the covered individual's family (family allowance, health insurance). The system also regulates vacation entitlement. We emphasize that Belgium has a very well developed social security system with a very broad coverage.

5.4. Driver's license

Non-Belgian driver's licenses and international permits remain valid until people from overseas become resident in Belgium. Belgian residents must possess the appropriate valid Belgian driver's license. In many cases, there are acceptance conventions between Belgium and other

countries. This means that an expatriate's driver's license from their home country can be exchanged automatically for a Belgian license. In other cases, it may be necessary to take a driving test. The minimum age for driving in Belgium is 18. For more detailed information on this subject, please check with a Belgian Embassy or Consulate.

5.5. Quality of life (culture)

Belgium offers individuals and families an enormous range of things to do in their free time. There are the museums and galleries, theaters and cinemas, restaurants and cafés, beaches, the Ardennes, the countryside. Virtually all sports can be played through clubs and federations. In addition, there is a variety of expatriate organizations and groups to join or simply contact. Europe's cities are well within reach for a weekend visit.

5.6. Relocation firms

Working through a corporate human resources department and/or a relocation agency can facilitate your relocation, or that of your business, to Belgium.