

International **Comparative** Legal Guides



Private Client **2021**

A practical cross-border insight into private client work

10th Edition

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Expert Chapters

- 1** **COVID-19 and UK Tax Residence**
Mark Hunter & Andrew Crozier, Macfarlanes LLP
- 6** **Balancing the Books**
Helen Ratcliffe & Lara Mardell, BDB Pitmans LLP
- 12** **Pre-Immigration Planning Considerations for the HNW Client – Think Before You Leap**
Joshua S. Rubenstein, Katten Muchin Rosenman LLP
- 19** **Has the March Towards Transparency Walked Over Your Human Rights?**
Damian Bloom & Alison Cartin, Bryan Cave Leighton Paisner LLP
- 24** **Remote Witnessing of Wills and Powers of Attorney in Canada**
Rachel L. Blumenfeld, Marni Pernica & David Byun, Aird & Berlis LLP
- 30** **STEP's Policy Focus**
Emily Deane, Society of Trust and Estate Practitioners (STEP)

Q&A Chapters

- 34** **Belgium**
Tiberghien: Griet Vanden Abeele, Emilie Van Goidsenhoven & Alain Van Geel
- 42** **Bermuda**
Kennedys: Mark Chudleigh & Laura Williamson
- 48** **British Virgin Islands**
Walkers: David Pytches & Lucy Diggle
- 54** **Cayman Islands**
Walkers: David Pytches & Monique Bhullar
- 60** **Denmark**
Rovsing Advokater P/S: Mette Sheraz Rovsing & Troels Rovsing Koch
- 66** **France**
Tirard, Naudin, Société d'avocats: Maryse Naudin & Ouri Belmin
- 76** **Germany**
POELLATH: Dr. Andreas Richter & Dr. Katharina Hemmen
- 84** **Gibraltar**
Isolas LLP: Adrian Pilcher, Emma Lejeune, Stuart Dalmedo & Giovanni Origo
- 91** **Greece**
Zepos & Yannopoulos: Anna Paraskeva & Eleni Skoufari
- 98** **Guernsey**
Walkers: Rupert Morris, Rajah Abusrewil & Nitrisha Doorasamy
- 104** **Hong Kong**
Charles Russell Speechlys LLP: Jeffrey Lee, Jessica Leung & Jessica Chow
- 112** **Ireland**
Matheson: John Gill & Lydia McCormack
- 122** **Italy**
Loconte & Partners: Stefano Loconte & Angela Cordasco
- 129** **Japan**
Mori Hamada & Matsumoto: Atsushi Oishi & Makoto Sakai
- 136** **Jersey**
Walkers: Robert Dobbyn & Sevyn Kalsi
- 143** **Liechtenstein**
Ospelt & Partner Attorneys at Law Ltd.: Dr. Alexander Wolfgang Ospelt & Philip Georg Raich
- 151** **Luxembourg**
Arendt & Medernach: Eric Fort, Marianne Rau, Ellen Brullard & Elise Nakach
- 159** **Malta**
Corrieri Cilia: Dr. Silvio Cilia & Dr. Louella Grech
- 167** **Monaco**
GARDETTO LAW OFFICES: Jean-Charles S. Gardetto & Maxence Vancraeyneste
- 174** **Netherlands**
Arcagna B.V.: Nathalie Idsinga & Wouter Verstijnen
- 181** **Poland**
Ozog Tomczykowski: Paweł Tomczykowski & Katarzyna Karpiuk
- 188** **Singapore**
WongPartnership LLP: Sim Bock Eng & Tan Shao Tong
- 195** **Switzerland**
Walder Wyss Ltd: Philippe Pulfer & Olivier Sigg
- 206** **United Kingdom**
Macfarlanes LLP: Jon Conder & Robin Vos
- 223** **USA**
Seward & Kissel LLP: Scott M. Sambur & David E. Stutzman
- 233** **Vietnam**
ACSV Legal: Mark Oakley & Hieu Pham

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1 Connection Factors

1.1 To what extent is domicile or habitual residence relevant in determining liability to taxation in your jurisdiction?

Domicile is not a concept in Belgian tax law. Residence is the main connecting factor; see question 1.3.

1.2 If domicile or habitual residence is relevant, how is it defined for taxation purposes?

See question 1.4.

1.3 To what extent is residence relevant in determining liability to taxation in your jurisdiction?

Residence is relevant to determine the liability of a person to personal income, inheritance and gift taxes in Belgium.

Belgian tax residents are subject to personal income tax in Belgium on their worldwide income. Non-residents are only subject to non-resident income tax on Belgian-source income.

If a deceased person qualified as a Belgian tax resident at the time of his/her death, Belgian inheritance tax is due on his/her worldwide assets. Non-residents are only subject to inheritance tax on real estate located in Belgium.

The residency of the donor(s) is relevant for gift tax (if applicable – see question 2.1).

The residence of the heirs or the beneficiaries is not relevant for inheritance or gift tax purposes.

1.4 If residence is relevant, how is it defined for taxation purposes?

“Residence” has a factual meaning under Belgian law. It is characterised by a certain permanence or continuity, which is independent from the (Belgian concept of) domicile or nationality of a person. It concerns the place where a person lives and works. Relevant is the place where the family is housed, the

place where a person stays effectively and permanently or maintain his/her relationships, etc.

Under Belgian law, there is a rebuttable presumption that a person registered in the Belgian national register is deemed a Belgian resident. The second presumption is irrefutable, and qualifies a person as resident if his/her family is living in Belgium.

There are no legal presumptions for inheritance and gift tax purposes.

1.5 To what extent is nationality relevant in determining liability to taxation in your jurisdiction?

The nationality of a person is not relevant for personal income tax, inheritance or gift tax. Nationality can be a relevant tie-breaker rule to determine a person’s tax residence for personal income tax purposes (based on the relevant Double tax Convention (DTC)) and, to a limited extent, inheritance tax (e.g. DTC for inheritance taxes between Belgium and France).

1.6 If nationality is relevant, how is it defined for taxation purposes?

See question 1.5.

1.7 What other connecting factors (if any) are relevant in determining a person's liability to tax in your jurisdiction?

The “seat of fortune” is a relevant connecting factor for personal income tax, inheritance tax and gift tax. For personal income tax purposes, this connecting factor only applies in the absence of a Belgian residence. The seat of fortune is an alternative connecting factor for inheritance and gift tax purposes.

The “seat of fortune” is located in Belgium in case a private individual is managing or controlling his/her assets from Belgium, even if the assets are not located in Belgium. The localisation of his/her assets in Belgium is a rebuttable presumption for this test. Patrimonial interests as well as general economic interests are relevant for this test.

1.8 Have the definitions or requirements in relation to any connecting factors been amended to take account of involuntary presence in (or absence from) your jurisdiction as a result of the coronavirus pandemic?

With neighbouring countries (e.g. France, the Netherlands, Luxembourg, Germany), an agreement was made for frontier workers. The days during which the frontier worker stayed in his/her home country, following the COVID-19 measures, are qualified as days that the frontier worker performed in the work state, provided that the income of that period is effectively taxed in the work state.

2 General Taxation Regime

2.1 What gift, estate or wealth taxes apply that are relevant to persons becoming established in your jurisdiction?

Inheritance tax

Inheritance tax is due by the heirs/legatees on the net amount inherited by each of them from the estate of any deceased person who was a resident of Belgium at the time of death. Please note that inheritance tax is levied by the Regions (the Flemish Region, the Brussels-Capital or Walloon Region). The applicable regional inheritance tax depends on the Region where the deceased had his/her residence for the longest period of time, in the five years prior to his/her death. There are differences between the Regions with regard to the tax rates, reduced tax rates and exemptions, etc.

The applicable inheritance tax rate depends on the relationship of the heirs/legatees with the deceased. In the Flemish Region, the maximum inheritance tax rate for (grand)children and partners (e.g. spouses) is 27% (in excess of €250,000). In the Brussels capital and Walloon Region, the maximum tax rate is 30% (in excess of €500,000). For family businesses, a reduced inheritance tax rate of 3% may be claimed (subject to conditions) in the Flemish and Brussels Region and an exemption applies in the Walloon Region.

Gift tax

Gifts of moveable property are only subject to gift tax in case the gift is done before a Belgian notary or before a foreign notary (entry into force expected as of 15 December 2020). Informal and indirect gifts (e.g. bank transfers, remission of debts, etc.) are not subject to gift tax, but inheritance tax is due in case the donor passes away as a Belgian resident within three years of the gift (seven years for unregistered gifts of assets qualifying for the Business Succession Facility in the Flemish Region).

Gift tax rates depend on the applicable regional legislation (following the same connecting factors for inheritance tax). In the Flemish and Brussels capital Regions, moveables are taxed at a reduced flat registration rate of 3% for gifts between a direct line (i.e. between (grand) parents and (grand) children, and between partners (e.g. spouses)). Gifts to other individuals are taxed at 7%. There is a reduced gift tax rate of 5.5% for private foundations. The Flemish Region intends to introduce a tax exemption for charities (but not applicable to private foundations).

In the Walloon Region, the rate on registered gifts of moveables is 3.3% (gifts between partners (e.g. spouses) and between (grand)parents and (grand)children). The rate is 5.5% for gifts to other individuals. The rates applicable to private foundations or charities depend on the nature of the activities.

Gifts of Belgian real property are subject to progressive tax rates ranging from 3% to 27%, in all three Regions. Gifts of foreign real property are tax-exempt.

Please note that exemptions apply upon the gift of a qualifying family business, in all three Regions.

Wealth tax

There is currently no wealth tax applicable to private individuals in Belgium.

2.2 How and to what extent are persons who become established in your jurisdiction liable to income and capital gains tax?

Private individuals who become Belgian tax residents are taxed on their worldwide income at progressive rates. For the income year 2020 (tax assessment year 2021), a 50% income tax rate is applicable above a net taxable income of 4,106,001 EUR per taxpayer, per year. Professional income, and income from immoveable property (such as rental income) are taxed at progressive tax rates.

Several types of income are subject to separate tax rates: the default rate for dividends, interests and royalties is 30% (but reduced rates may apply). A rate of 33% applies to occasional or speculative profits, such as capital gains on shares, realised outside of the normal management of private wealth and which do not qualify as professional income).

Capital gains on Belgian real estate are taxable depending on the type of property. Capital gains realised on buildings within five years of acquisition are, in principle, taxed at 16.5%. Capital gains realised on Belgian land are taxable at a rate of 33% in the first five years, and at 16.5% between the fifth and eighth year. Speculative capital gains on immoveable property may be taxed at 33%. Municipal surcharges are applicable.

2.3 What other direct taxes (if any) apply to persons who become established in your jurisdiction?

See question 2.4 (other taxes).

2.4 What indirect taxes (sales taxes/VAT and customs & excise duties) apply to persons becoming established in your jurisdiction?

VAT

The European VAT Directive is implemented in Belgium. The standard VAT rate is 21% and applies to all goods and services not qualifying for one of the reduced VAT rates. Exemptions may apply. A 12% VAT rate is available for amongst others, restaurant and catering services (excluding beverages). A 6% VAT rate is available for amongst others, works on immoveable property (limited in time and with strict conditions), basic necessities (for example, food and pharmaceuticals), some printed materials and hotels. Due to COVID-19, please note that temporary VAT reduced rates may be applicable.

Real Estate Transfer Tax (RETT)

Purchases and transfers of real estate located in Belgium, including buildings (except new buildings, which are subject to VAT) are subject to RETT by the purchaser. The rate depends on the location of the real estate: the default rate is 12.5% of the fair market value in the Walloon and Brussels Regions. In the Flemish Region, the applicable rate is 10%. Reduced rates are, subject to conditions, available.

In case the purchase or transfer of land is subject to VAT, no RETT will be charged.

Other taxes

Property tax: property tax is assessed on cadastral income (i.e. a deemed rental value attributed to the property by the tax authorities). Rates generally range between 20% and 50% of the “indexed cadastral income”.

Stock exchange tax: is a flat-rate tax that is due on transactions (i.e. purchases and sales) of stocks and bonds as well as on redemptions of capitalisation shares of collective investment vehicles that are executed by Belgian residents through Belgian or non-Belgian financial intermediaries. The tax rates vary from 0.12% to 1.32% and are dependent on the type of transaction.

Tax on securities accounts: the Belgian government plans to introduce a 0.15% tax due on securities accounts that reached or exceeded €1,000,000.

EU customs: regulations are applicable. Excise duties are due on specific types of goods (for example fuel, alcohol and tobacco).

2.5 Are there any anti-avoidance taxation provisions that apply to the offshore arrangements of persons who have become established in your jurisdiction?

Yes. As of 1 January 2015, the “Cayman Tax”, was introduced and amended substantially as of 1 January 2018. This is a look-through taxation on private individuals and legal entities (subject to the legal entities tax), where income received by a legal construct is taxable income for the founder or is taxed at transfer to a third-party beneficiary. The look-through approach entails that the underlying income retains its original qualification, and no effective distribution is required for taxation to occur. Interest received by the legal construct remains interest, dividends remain dividends, and capital gains remain capital gains. The first two categories of income are generally taxed at a flat rate of 30% in Belgium. Capital gains on moveable assets realised by individuals are generally tax-exempt to the extent that they are realised within the normal management of one’s private assets.

There are three types of legal constructs:

- Type 1: arrangements such as trusts.
- Type 2: (a) non-taxed and low-taxed companies; and (b) non-taxed and low-taxed legal entities (e.g. foundations).
- Type 3: legal constructs which relate to a specific type of contractual arrangements, mainly insurance constructs.

The look-through approach is combined with taxation of income received (or deemed to be) received from legal constructs. Complex rules aim to prevent double taxation of this combined approach, but due to the complexity, this aim is not always reached.

The founder and/or third-party beneficiary can avoid pass-through treatment by showing that the trust meets a substance test in case of (among other requirements) the exercise of actual economic activities which may not involve the management of the private assets of (one of) the founder(s).

The Cayman Tax does not only apply to offshore legal constructs, but also to companies and legal entities established within the EEA in case such entities are not sufficiently taxed.

2.6 Is there any general anti-avoidance or anti-abuse rule to counteract tax advantages?

Yes. A General Anti-Abuse provision is applicable in income tax as well as inheritance and gift tax. Under the GAAR, a (set of) legal act(s) is/are not enforceable *vis-à-vis* the tax authorities

in case of tax abuse. Tax abuse occurs in case the taxpayer avoids taxes or claims a tax benefit, by placing himself in a position that goes against the objective of the provision introducing the tax or tax benefit. The tax administration has to prove that the act or set of legal acts was chosen by the taxpayer in view of obtaining a tax advantage. The taxpayer can prove that he/she had non-tax motives for the (set of) legal act(s).

2.7 Are there any arrangements in place in your jurisdiction for the disclosure of aggressive tax planning schemes?

Yes. Belgium has implemented Directive 2018/822/EU of 25 May 2018 amending Directive 2011/16/EU with regard to the automatic and mandatory exchange of information in the field of reportable cross-border arrangements. Due to the COVID-19 pandemic, reporting obligations for arrangements (partially) implemented before 30 June 2020 have been postponed until 28 February 2021. The 30-day period for the reporting of arrangements implemented as of 1 July 2020 commences on 1 January 2021.

3 Pre-entry Tax Planning

3.1 In your jurisdiction, what pre-entry estate, gift and/or wealth tax planning can be undertaken?

It may be recommended to make gifts of moveable assets before moving to Belgium, as gift tax will become due as of 15 December 2020 due to expected legislative changes for gift deeds signed by Belgian residents before a foreign notary (which are now not taxed). The gift tax will not be due on gifts of moveable assets by non-residents.

3.2 In your jurisdiction, what pre-entry income and capital gains tax planning can be undertaken?

Belgium does not provide a step-up in basis for shares in companies (Belgian-based or based abroad). Pre-migration planning is recommended to avoid potential double taxation; for example, by incorporating a personal holding company prior to moving to Belgium.

3.3 In your jurisdiction, can pre-entry planning be undertaken for any other taxes?

It is likely that Belgium will shortly introduce a 0.15% tax on securities accounts held by private individuals residing in Belgium or legal entities established in Belgium. The tax also applies, in principle, to Belgian securities accounts of non-resident private individuals or companies (unless prevented by the relevant double taxation treaty).

4 Taxation Issues on Inward Investment

4.1 What liabilities are there to tax on the acquisition, holding or disposal of, or receipt of income from investments made by a non-resident in your jurisdiction?

Income tax

Moveable investments:

- Capital gains on shares in companies with seat of effective management in Belgium are, in principle, free of income tax provided that the capital gain is realised within the

normal management of one's private wealth. The capital gain is taxed otherwise at a rate of 33% (increased with additional municipal tax calculated on the tax due). Please note that this provision is set aside by the relevant double taxation treaty but may be relevant in the absence of treaty protection.

- Belgian source dividend income is taxed at a general domestic withholding tax rate of 30%. Reduced internal rates may apply. Pursuant to the relevant double taxation treaty, the 30% domestic withholding tax rate is limited to 15%.
- Belgian source interest income also taxed at a domestic withholding tax rate of 30%. Reduced internal rates may apply. Pursuant to the relevant double taxation treaty, the rate may be reduced to 10%.

Immoveables:

- A non-resident taxpayer is liable to property tax on the cadastral value of his/her Belgian property (provided that the property is not rented). Reporting obligations may apply in case the property is rented (exceptions do apply).
- Capital gains on Belgian real estate is taxable depending on the type of property. See question 2.2.
- For non-residents, the applicable investments municipal tax is set at 7%.

Inheritance and gift tax

Inheritance tax also arises on the death of a Belgian non-resident who leaves real property located in Belgium. Belgian inheritance tax is chargeable on the gross value of the property (debts incurred for the acquisition or maintenance of the real property are deductible subject to conditions).

Belgian gift tax is applicable in case of donation of real property by a non-resident. See question 2.1 for the applicable rates.

4.2 What taxes are there on the importation of assets into your jurisdiction, including excise taxes?

No import taxes are applicable on import from within the EU. Import taxes are EU-regulated.

4.3 Are there any particular tax issues in relation to the purchase of residential properties by non-residents?

See question 2.4 (RETT).

5 Taxation of Corporate Vehicles

5.1 What is the test for a corporation to be taxable in your jurisdiction?

A legal entity qualifies as a Belgian resident for corporate income tax purposes if it has its registered seat, main establishment or place of effective management in Belgium ("real seat" doctrine).

Although in company law the "registered seat" doctrine is the rule since the company law reform of 2019, for tax purposes, the "real seat" theory remains applicable (regardless of the company's country of incorporation).

5.2 What are the main tax liabilities payable by a corporation which is subject to tax in your jurisdiction?

The main tax liabilities payable by a corporation in Belgium are the corporate income taxes annually due. The tax base of a company subject to Belgian corporate income tax is determined

on an accrual basis and consists of the company's worldwide income less allowed deductions. For corporate income tax purposes:

- it is assumed that all income received by a company is business income; and
- in line with international tax rules, the income from foreign countries can be exempted from tax in Belgium further to the application of a double tax treaty concluded between Belgium and the income source state.

For taxable periods starting on or after 1 January 2020, the standard corporate income tax rate is 25%. Note that companies qualifying as small and medium enterprises can benefit from a decreased corporate income tax rate of 20% on their first part of the tax base of €100,000 (if specific conditions are met).

5.3 How are branches of foreign corporations taxed in your jurisdiction?

A foreign corporation having a branch in Belgium can be subject to non-resident corporate income tax on the revenues derived from the Belgian branch if it qualifies as:

- a "permanent establishment" under the double tax treaty concluded between the state of residence of the foreign company and Belgium; or
- a "Belgian establishment" under Belgian domestic law if Belgium did not enter into a double tax treaty with the state of residence of the foreign company.

The Belgian internal tax definition of a "Belgian establishment" is much broader than the "permanent establishment" definition of the double tax treaty. In line with generally accepted international tax principles, the provisions of the double tax treaty prevail over Belgian domestic law.

The tax base of a foreign corporation subject to non-resident corporate income tax is determined as for resident corporations but limited to the revenues derives from the Belgian branch.

6 Tax Treaties

6.1 Has your jurisdiction entered into income tax and capital gains tax treaties and, if so, what is their impact?

Belgium has entered into double tax treaties with nearly 100 countries. Their impact is to limit the possibility of double taxation of persons liable to pay taxes in Belgium and the other country. The double tax treaties also address and limit the rate of withholding tax otherwise applicable at source in respect of, amongst others, dividend, interest and royalty payments to recipients outside of Belgium.

6.2 Do the income tax and capital gains tax treaties generally follow the OECD or another model?

The vast majority of double tax treaties concluded between Belgium and foreign countries follow the OECD Model Convention.

6.3 Has your jurisdiction entered into estate and gift tax treaties and, if so, what is their impact?

Yes. Belgium is a party to double taxation treaties regarding inheritance tax with France and Sweden.

The double taxation treaty with Sweden was entered into in January 1956. As Sweden has abolished inheritance taxes, the double tax treaty is of no practical relevance in Belgium.

The double tax treaty with France was entered into in January 1959 and remains applicable to date.

6.4 Do the estate or gift tax treaties generally follow the OECD or another model?

No, they do not.

7 Succession Planning

7.1 What are the relevant private international law (conflict of law) rules on succession and wills, including tests of essential validity and formal validity in your jurisdiction?

The European Succession Regulation (hereafter “ESR”) applies to the succession of persons who passed away on or after 17 August 2015. According to the ESR, the law applicable to a persons’ worldwide estate depends on the deceased’s habitual residence at the time of his/her death, unless the deceased was manifestly more closely connected with another state. In the latter case, the succession law of that other state applies. However, a person may choose the law of the state whose nationality he/she possesses at the time of making the choice or at the time of death.

According to the ESR, the admissibility and substantive validity of a Will is governed by the law, which would have been applicable to the succession, if the deceased had died on the day on which the Will was made. This is either the law of the deceased’s habitual residence, or that following a valid choice of law. A Will shall be formally valid if it complies with the law of one of the following connecting factors, e.g. the State in which the Will was made, the testator’s nationality, the State in which the testator had his/her domicile or habitual residence, etc.

We note that the Hague Testamentary Dispositions Convention prevails over the provisions of the ESR with regard to the formal validity of a Will.

7.2 Are there particular rules that apply to real estate held in your jurisdiction or elsewhere?

There are no particular rules for Belgian or foreign real estate. See question 7.1 for the principles.

7.3 What rules exist in your jurisdiction which restrict testamentary freedom?

A person can make a Will insofar as the person has the legal capacity to perform judicial acts, is a minor who has reached the age of 16 and, under certain conditions, is placed under adult guardianship. Moreover, a Will can only be made if the person is sound of mind.

Under Belgian law, a person can, in principle, freely dispose of his/her assets. However, the testator’s descendants and surviving spouse have the right, under forced heirship rules, to claim a well-defined share in the estate. Descendants are all together equally entitled to half of the estate. The usufruct of half of the estate can be claimed by the surviving spouse. We note that the extent of the descendants’ and surviving spouse’s claim depends on the fictitious mass. This includes the assets of the deceased at the time of his/her death, minus his/her debts, and including the donations he/she has made during his/her lifetime. If a descendant or the surviving spouse invokes the

forced heirship rules, they will be entitled to a monetary claim on the other heirs or third parties. Since the new inheritance law’s entry into force on 1 September 2018, an heir no longer has a claim *in rem* on the deceased’s assets. Please note that it is currently possible to enter into an inheritance agreement under Belgian inheritance law to mitigate the impact of forced heirship rules provided that certain conditions are met.

8 Trusts and Foundations

8.1 Are trusts recognised/permitted in your jurisdiction?

Trusts do not exist under Belgian law. Nevertheless, Belgian conflict of law rules provide for an autonomous definition of a trust, and rules governing jurisdiction, and applicable law to foreign trusts.

8.2 How are trusts/settlers/beneficiaries taxed in your jurisdiction?

The Cayman Tax (introduced as of 1 January 2015, with subsequent amendments) is applicable to Belgian tax residents who are either the founder or third-party beneficiary of legal constructs such as a trust. A trust is generally qualified as a legal construct of type 1.

See question 2.5.

8.3 How are trusts affected by succession and forced heirship rules in your jurisdiction?

Forced heirship rules can have an impact on inheritance planning (see question 7.3). If the trust is set up by a Will, the trustee must ask the protected heirs to hand over the assets to him/her and they may refuse in case of infringement of their forced heirship rights. If the deceased sets up the trust in a trust deed before death, forced heirship may have an impact on such a transfer.

8.4 Are private foundations recognised/permitted in your jurisdiction?

Yes. The Belgian private foundation is governed by the rules in the Belgian Code on Companies and Associations. It was introduced in 2002. Foreign private foundations are recognised as well.

8.5 How are foundations/founders/beneficiaries taxed in your jurisdiction?

Belgian private foundations are subject to legal entities tax (if they engage in commercial/economic activities in more than an accessory manner, a private foundation could be subject to corporate income tax). Being subject to tax on legal entities implies that only certain income categories will be subjected to income tax (such as dividend and interest income (default rate of 30%)).

A private foundation pays a yearly tax of 0.17% on the total of its assets on 1 January, unless this total amounts to less than €25,000. Debts (besides certain exceptions, e.g. operational costs) are not deductible.

The private foundation will also be subject to the other taxes mentioned in question 2.4.

8.6 How are foundations affected by succession and forced heirship rules in your jurisdiction?

The same rules as mentioned under question 8.3 apply.

9 Matrimonial Issues

9.1 Are civil partnerships/same-sex marriages permitted/recognised in your jurisdiction?

Yes, both are permitted and recognised under Belgian law.

9.2 What matrimonial property regimes are permitted/recognised in your jurisdiction?

There are three permitted and recognised matrimonial property regimes:

- 1) A full community property regime: all assets acquired during the marriage are part of the community of property.
- 2) A regime of separation of assets combined with a limited community of assets acquired during marriage: this is the default system under Belgian law. If spouses do not choose another regime *expressis verbis*, then this regime will apply. This regime entails a separation between the joint assets and the personal assets of each spouse. The joint assets include earned income, which is essential to this regime. Assets that were acquired prior to the marriage or donations/bequests made in favour of one spouse are personal assets of the spouse.
- 3) The regime of separation of property: each spouse remains entitled to their own personal assets (including earned income). There are no joint assets; at most, there are undivided assets held by each spouse for an equal part. Correction mechanisms are possible under the separation of property regime.

9.3 Are pre-/post-marital agreements/marriage contracts permitted/recognised in your jurisdiction?

Yes, they are, but they both need to be formalised in a notarial deed.

9.4 What are the main principles which will apply in your jurisdiction in relation to financial provision on divorce?

In case of a divorce, there may be alimony rights towards the ex-spouse and towards the children. When one spouse is in need, the court can grant alimony taking into account the specific circumstances of the case. Spousal alimony can be paid for the period of the marriage (or until there is a new partnership). The amount of spousal alimony is limited to a third of the income of the spouse who is liable to pay for alimony. During the marriage, spouses cannot renounce their right to alimony. During the divorce proceedings, an agreement can be reached and alternative arrangements are possible. Besides the spousal alimony, there is also child alimony. Normally, this is a duty to support the children, including after the age of majority if the education is not completed by that time.

10 Immigration Issues

10.1 What restrictions or qualifications does your jurisdiction impose for entry into the country?

Non-EU/EER/Swiss individuals need to have the required residence documents and/or work permits.

10.2 Does your jurisdiction have any investor and/or other special categories for entry?

Currently there are no “investment programmes” in place.

10.3 What are the requirements in your jurisdiction in order to qualify for nationality?

The Belgian nationality can be acquired either by naturalisation (in exceptional cases), or by a declaration of nationality. The latter is possible for five categories of people:

- 1) adults born in Belgium and who have legally and mainly resided there since their birth;
- 2) adults having legally and mainly resided in Belgium for five years;
- 3) adults having legally and mainly resided in Belgium for five years and who are married to a Belgian or who have a minor Belgian child;
- 4) adults having legally and mainly resided in Belgium for five years and who have reached the age of retirement or who suffer from a disability or invalidity preventing him/her from working; and
- 5) adults having legally and mainly resided in Belgium for 10 years.

Other conditions may include the knowledge of (one of) the national language(s) and social and/or economic integration.

10.4 Are there any taxation implications in obtaining nationality in your jurisdiction?

No, nationality is not a criterion when determining tax (non)-residency in Belgium. See question 1.5.

10.5 Are there any special tax/immigration/citizenship programmes designed to attract foreigners to become resident in your jurisdiction?

Currently, there are no programmes designed to attract foreigners to become resident in Belgium.

However, in Belgium, a special expatriate tax regime exists for foreign executives temporarily working in Belgium for an international group. The individual is deemed Belgian tax non-resident and the most interesting benefits are the reduction of the taxed salary of the expatriate by the non-taxation of the services performed outside Belgium and the non-taxation of the cost allowances.

Furthermore, subject to conditions, in Belgium, capital gains realised upon the sale of shares are tax-exempt. See question 2.2.

11 Reporting Requirements/Privacy

11.1 What automatic exchange of information agreements has your jurisdiction entered into with other countries?

Most income tax treaties include a provision for the exchange of information upon request and Belgium had entered into several individual Tax Information Exchange Agreements (TIEAs). The EU Directive on Administrative Cooperation in the Field of Taxation (with several updates), the OECD Common Reporting Standard (over more than 100 countries) and the US-BE FATCA Agreement also apply.

11.2 What reporting requirements are imposed by domestic law in your jurisdiction in respect of structures outside your jurisdiction with which a person in your jurisdiction is involved?

Since 1 January 2015, a look-through tax (the Cayman Tax) has been implemented to facilitate transparency, for income tax purposes, of certain foreign legal constructs that have been set up by individuals who are or become Belgian tax residents (private individuals as well as Belgian entities subject to legal entities income tax). Besides entailing certain (look-through) taxes (see question 2.5), the Cayman Tax requires founders, shareholders or beneficiaries of a qualifying legal constructs to report the underlying legal structure on their personal income tax return.

11.3 Are there any public registers of owners/beneficial owners/trustees/board members of, or of other persons with significant control or influence over companies, foundations or trusts established or resident in your jurisdiction?

Belgian resident entities are registered in the (public) so-called Crossroads Bank for Enterprises (CBE) (*Kruispuntbank voor Ondernemingen/Banque-Carrefour des Entreprises*).

As a result of the implementation of the EU Anti-Money Laundering Directive(s) into Belgian law, companies, associations, foundations, trusts and similar structures are obliged to supply information regarding their “Ultimate Beneficial Owners” (UBOs) to a centralised database, the “UBO register”. For each UBO, the following data, among others, must be supplied to the UBO register: name and surname; date of birth; nationality; national number or company number or another identification number; residential address; the date on which the person concerned became a UBO; and the applicable category of UBO. In addition to the UBO themselves, the information incorporated in the UBO register can be consulted by the “competent authorities”, including the tax authorities and the reporting entities in the framework of client surveys (e.g. accountants, notaries, etc.). Furthermore, citizens have paid access to certain information regarding the UBOs in the register.

Disclaimer

This chapter contains information of a general nature, which is partly based on information provided by independent third parties. Although it has been compiled with the utmost care, it must not be regarded as legal and/or tax advice, and one should not automatically apply it to any related matter one might have without first receiving appropriate legal and/or advice. Tiberghien will not be held responsible for the use of this information or any consequences of such use. Moreover, the content of this presentation must not be distributed without the permission of its authors. We invite you to contact our lawyers if you have any specific questions on this subject matter.



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Tiberghien is a boutique tax law firm specialising in all domains of taxation and related legal practice areas, such as family (patrimonial) law and inheritance law. We work for corporate, private and institutional clients.

With approximately 110 (tax) lawyers in four Belgian offices, a history of more than 80 years and a strong reputation, Tiberghien is by far the largest and the oldest independent tax practice at the Belgian Bar. Tiberghien also has offices in Luxembourg.

Tiberghien's speciality lies in a multidisciplinary, service-oriented approach of tax, both in a national and international context. We provide advice, mediation, negotiation and litigation services in tax and related legal practice areas. We also offer economic advice (e.g. on valuations), tax compliance and family governance.

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