## BASIC FACTS

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|---|---|
| Full name: | Republic of Belarus |
| Capital: | Minsk |
| Main languages: | Belarusian, Russian |
| Population: | 9.45 million (2020 estimate) |
| Monetary unit: | Belarusian Rouble (BYN) |
| Internet domain: | .by |
| Int. dialling code: | +375 |

## KEY TAX POINTS

- Belarus resident companies are subject to tax on their worldwide income. Non-resident companies are subject to tax on their Belarus source income only which is derived from a permanent establishment (PE) in Belarus. Where a non-resident's Belarus PE does not have any business activity it will be subject to withholding tax on its Belarus-sourced income. The standard corporate profits tax rate is 18%. The corporate profits tax rate for banks and insurance companies is 25%. The profit of commercial organisations included into the register of microlenders received from regular granting microloans to natural persons secured by movable property intended for personal, family or household use is taxed at 25%. The profit received by a forex-company, the National Forex Centre from activities on conducting transactions with non-deliverable OTC financial instruments is taxed at 25%.
- There is no specific branch profits tax in Belarus.
- Capital gains are taxed at 18%.
- Broadly, local supplies of goods and services in Belarus provided by a taxpayer as well as the importation of goods, are subject to VAT. Supplies may be zero-rated, exempt, standard or preferential rated. The standard rate of VAT is 20%. A preferential rate of 10% applies to certain supplies. Telecommunication services are subject to 25%.
- Belarus does not impose estate tax, gift taxes or a net worth tax.
- For company taxation, the net profit shown in the financial statements is adjusted for tax purposes and expenses incurred in earning income or receiving an economic benefit are allowed to be deducted in full, unless the Tax Code or Presidential Regulations provide otherwise or limit or restrict the deduction.
- Unless otherwise provided by a double tax treaty, dividends paid to foreign legal entities not having a permanent establishment in Belarus are subject to 12% withholding tax. Dividends distributed by a resident company to another resident company are subject to 12% withholding tax. Dividend withholding tax is 6% or 0% subject to certain conditions in the Tax Code.
- Thin capitalisation rules apply to legal entities in Belarus which restrict the deduction of interest to a debt-to-equity ratio of 3:1 and apply to certain controlled debt obligations.
- The Tax Code empowers the tax authority to ensure that transactions between related parties reflect a third party arm's length price, i.e. an objective market value.
- The tax year in Belarus is the calendar year. Belarus resident individuals are subject to personal income tax on their worldwide income whereas non-resident individuals are taxed on their Belarusian-sourced income only.
- Employment income includes salary, any other compensation and bonuses received in cash or in kind. Employers calculate, deduct and pay the relevant tax on the compensation paid to their employees.
- Social security contributions are payable by an employer at a rate of 34% (28% for pension insurance and 6% for social insurance) and by an employee at a rate of 1% of their gross compensation (withheld by the employer).
- Capital gains are not taxed separately but included in the total income of an individual taxpayer.

## A. TAXES PAYABLE

## COMPANY TAX

Belarus resident companies are subject to tax on their worldwide income. Non-resident companies are subject to tax on their Belarus source income only which is derived from a permanent establishment (PE) in Belarus. Where a non-resident's Belarus PE does not have any business activity it will be subject to withholding tax on its Belarus-sourced income. The standard corporate profits tax rate is 18%. However, a reduced tax rate applies to the following income:

- Dividends paid to Belarus companies (standard rate 12%; dividend withholding tax is 6% or 0% subject to certain conditions in the Tax Code);
- Income (profits) of producers of high-technology products (10%).

Belarus has several tax regimes as follows:

(1) Simplified system of taxation:

Under the simplified system of taxation business entities are not subject to corporate profits tax and, under certain conditions, neither to VAT (and some other taxes), but instead pay a unified tax of either 5% of gross revenues or, if the business entity continues to pay VAT, 3% of gross revenues, or 16% for certain non-sales income.

(2) Unified tax on agricultural producers:

A 1% unified tax rate applies to the gross revenues of agricultural producers from the sale of goods (works and services) and other property and income derived from non-sales transactions. For an agricultural entity to apply the unified tax method at least 50% of its annual gross revenue must be from the sale of its own manufactured crop products (excluding flowers and ornamental plants), livestock products, fish breeding and bee breeding products, otherwise the unified tax is paid at a rate of 3%.

(3) Tax on gambling industry:

Gambling (except for lotteries) is subject to fixed tax rates. The rate depends on the type and number of operational gambling equipment used. An additional gambling tax of 4% applies to the positive difference between the amount of received bids and the fund to be paid to the winner.

(4) Tax on income generated by lottery sales:

Lottery sales are subject to an 8% tax rate on the gross revenue less the awarded prize fund.

(5) Tax on electronic interactive games:

An electronic interactive games tax applies at 8% to the difference between the amount of revenue from the electronic interactive games and the fund to be paid to the winner(s).

## COMPANY TAX - ADMINISTRATION

The basic tax reporting period is the calendar quarter and tax returns must be filed within 20 days of the month following the end of the reporting quarter. Any corporate profits tax liability must be paid within 22 days of the month following the end of the respective reporting quarter.

Corporate profits tax for the fourth quarter of a year must be paid by 22 December of the current year in an amount equal to two-thirds of the tax payable in the third quarter of the current year with subsequent additional payment or reduction not later than 22 March of the next year.

A fine of 40% of the unpaid tax, at a minimum of 10 base values, may arise where there is non-payment or an incomplete payment of tax. A fine of up to 1 base value may arise if a tax return is submitted late but not later than 3 working days. A fine of 2 base values applies increased by 0.5 base values for every complete month of delay in submission, at a maximum of 10 base values. Furthermore, a penalty is applied for every calendar day of delay in tax payment. The penalty is assessed on the basis of the refinance rate established by the National Bank of the Republic of Belarus.

## CAPITAL GAINS TAX

Capital gains are taxed at 18%. Capital gains are not taxed separately but included in the total income of an individual taxpayer.

## BRANCH PROFITS TAX

There is no specific branch profits tax however a permanent establishment (PE) of a non-resident legal entity will pay tax on profits attributable to it. A PE can include any place through which a foreign legal entity regularly carries out its business activities in Belarus. There is no branch remittance tax in Belarus.

## VALUE ADDED TAX (VAT)

Broadly, local supplies of goods and services in Belarus provided by a taxpayer as well as the importation of goods, are subject to VAT. Supplies may be zero-rated, exempt, standard or preferential rated. The standard rate of VAT is 20%. A preferential rate of 10% applies to the following:

- Local supplies of crop products (excluding floriculture, cultivation of ornamental plants), beekeeping,

livestock (except for fur production) and fisheries locally produced; and,
- Import and/or local supplies of certain food products and goods for children.

Telecommunication services are subject to 25%.



Normally taxpayers recognise revenue for VAT purposes on an accrual basis however, as an exception to this, revenue is recognised on a cash basis by taxpayers using the simplified taxation system and keeping simplified tax records without accounting records. VAT returns should be submitted to the tax authority on either a monthly or quarterly basis, within the first 20 days of the month following the reporting period. The payment of any VAT liability should be made within the first 22 days of the month following the reporting period.

## OTHER TAXES – CUSTOMS DUTIES

The Eurasian Economic Union exists between Russia, Kazakhstan, Belarus, Armenia and Kyrgyzstan with its unified trade regulations and Customs Code. The following charges are considered as customs duties:
- Import duties;
- Export duties;
- Special anti-dumping and countervailing duties;
- VAT and excise taxes due upon importation of goods; and,
- Fees for customs processing/services.

## OTHER TAXES – ESTATE AND GIFT TAXES

Belarus does not impose estate and gift taxes or a net worth tax.

## B. DETERMINATION OF TAXABLE INCOME

The net profit shown in the financial statements, calculated in accordance with the Belarus accounting standards, is adjusted for tax purposes in accordance with the Tax Code. Broadly, all costs are deductible for tax purposes that are incurred in earning income or receiving an economic benefit, unless the Tax Code of Belarus or Presidential Regulations provide otherwise or limit or restrict the deduction.

## CAPITAL ALLOWANCES

Fixed assets (buildings, premises, equipment and vehicles) may be depreciated using the straight-line method, the indirect disproportionate method, and the production method in accordance with the rates prescribed in the Tax Code. Land is not depreciated. Broadly, fixed assets can be divided into five basic groups and the depreciation rate or rates of each group are as follows:

| Group | Description of the assets | Annual rate of depreciation |
|---|---|---|
| 1 | Immovable property | 0.8% to 20% |
| 2 | Plant, machinery and equipment | 2% to 25% |
| 3 | Trademarks, patents and other intangible property | 2.5% to 20% |
| 4 | Computers | 20% |
| 5 | Transport vehicles | 5% to 20% |

## INVESTMENT DEDUCTION

For corporate profits tax purposes, a percentage of the initial value of acquiring or reconstructing tangible assets (value of investments for reconstruction) can be deducted, as follows:
- Not more than 15% - Buildings and structures.
- Not more than 30% - Machinery and equipment, and certain transport vehicles.

The tax base (the initial cost of the asset) is not reduced by the investment allowance for tax depreciation purposes. After taking an investment deduction the taxpayer may accrue depreciation on the initial value of fixed assets.

## STOCK / INVENTORY

The domestic accounting legislation allows for the following stock / inventory valuation methods:
- First in first out (FIFO);
- Cost of each unit; and,

- Average cost.

The stock / inventory valuation method used for corporate income tax purposes must be the same as the taxpayer's accounting policy.



## DIVIDENDS

Unless otherwise provided by a double tax treaty, dividends paid to foreign legal entities not having a permanent establishment in Belarus are subject to 12% withholding tax. Dividends distributed by a resident company to another resident company are subject to 12% withholding tax. However, the tax rate is reduced in the following cases:

- To 6% if a resident company has not distributed profit between its members (shareholders) for three successive calendar years;
- To 0% if a resident company has not distributed profit between its members (shareholders) for five successive calendar years.

Since the dividends have been subjected to withholding tax at source they are not again taxed under corporate income tax in the hands of the recipient. Where a foreign entity pays a dividend to an entity in Belarus, the dividend received is subject to 12% corporate income tax even though withholding tax may have been deducted at source by the foreign paying entity.

## INTEREST DEDUCTIONS

Thin capitalisation rules apply to legal entities in Belarus which restrict the deduction of interest to a debt-to-equity ratio of 3:1 and apply to the following controlled debt obligations:

- Between parties being founders (participants) of one company, if direct and/or indirect participation between each of these persons is not less than 20%;
- Between organisations if one party directly and/or indirectly participates in these organisations and its participation in each of these organisations is not less than 20%, as well as when their beneficial owner is one and the same natural person;
- Between organisations in which the collective executive body or board of directors has more than 50% of the same natural persons in common with related parties as described in the sixth bullet below.
- When one party (including a natural person together with its related parties as described in the sixths bullet below) acts as a founder (participant) of another organisation, if direct and/or indirect participation of the former is not less than 20%;
- When one party executes (directly or indirectly) control over another (other) party (parties);
- When natural persons are in accordance with domestic legislation married, close relatives or in an in-law relationship, an adoptive parent and adopted person, guardian, curator and ward as well as between organisations in which such natural persons are founders (participants), if direct and/or indirect participation between such natural persons in these organisations is not less than 20%.

However, the thin capitalisation rules do not apply to banks, insurance companies, or to lessors or landlords subject to certain conditions.

## LOSSES

Tax losses can be carried forward and utilised against future taxable profits arising in the subsequent 10 years (commencing with 2011 tax losses), although some restrictions apply. Tax losses which have arisen from certain operations may only be utilised against taxable profits arising from the same operations. If tax losses are not attributable to a particular group, they are carried forward generally regardless of the operations or activities in which they were incurred. Tax losses may not be carried back.

## INCENTIVES

There are several locations where incentives are available in Belarus:

(1) Taxation of residents of the High Technologies Park;
(2) Taxation of the members of the Augustow Canal Special Tourist and Recreation Park;
(3) Taxation of the members of the China-Belarus Industrial Park;
(4) Free-economic zones; and,
(5) Taxation of commercial organisations and individual entrepreneurs engaged in medium-sized or small towns and rural areas.

Special conditions and procedures apply for claiming the above and other benefits.

## C. FOREIGN TAX RELIEF



Subject to the Belarus tax authorities being provided with the certificate issued by the foreign competent authority confirming the amount of tax paid (withheld) in the foreign state, a tax credit for the foreign tax paid by, or withheld from, a Belarusian taxpayer will be granted. Tax paid abroad on foreign-source income derived by a Belarusian legal entity may be credited against its corporate income tax (CIT) liability. The amount deducted however cannot exceed the equivalent amount of Belarus tax calculated on the foreign-sourced income.

## D. CORPORATE GROUPS

Each entity in Belarus is taxed separately as a stand-alone entity. The tax legislation does not provide for tax groups or group taxation.

## E. RELATED PARTY TRANSACTIONS

The Tax Code empowers the tax authority to ensure that transactions between related parties reflect a third party arm's length price, i.e. an objective market value. The tax authorities can check whether prices set by particular taxpayers are in line with market prices when conducting a tax audit. In particular, they can apply the market price to:

(1) A foreign-trade transaction with a related party when the transaction price (sum of transactions prices) in one calendar year exceeds BYN 400,000 (net of indirect taxes) for organisations not included in the List of large-scale payers and BYN 2,000,000 (net of indirect taxes) for organisations included in the List of large-scale payers, except for transactions with an offshore zone resident;

(2) A transaction on sale or acquisition of goods (works, services) property rights with a related party – tax resident of the Republic of Belarus not calculating and paying profit tax in the year when the transaction is performed when the transaction price (sum of transactions prices) in one calendar year exceeds BYN 400,000 (net of indirect taxes) for organisations not included in the List of large-scale payers and BYN 2,000,000 (net of indirect taxes) for organisations included in the List of large-scale payers;

(3) A transaction with a related party or a taxpayer applying special tax regimes on sale or acquisition of immovable property (its part) or housing bonds in the process of their circulation after state registration of erection of a construction object;

(4) A foreign-trade transaction on sale or acquisition of strategic goods included in the list issued by the Council of Ministers of the Republic of Belarus when the transaction price (sum of transactions prices) in one calendar year exceeds BYN 2,000,000 (net of indirect taxes).

The following transactions are equated with related party transactions:

- A set of transactions with participation of (through) a third person not being a related party provided that such a person does not perform in this set of transactions significant functions, except for sale and/or acquisition of goods (works, services), property rights by one party for another party recognised as related to this party; does not use any assets and/or does not take risks for organising sale and/or acquisition of goods (works, services), property rights by one party for another party recognised as related to this party;
- A transaction on sale or acquisition of goods (works, services), property rights with an offshore zone resident when the transaction price (sum of transactions prices) in one calendar year exceeds BYN 400,000 (net of indirect taxes).

The Belarus tax authorities apply the following transfer pricing methods:

- Comparable uncontrolled price method (CUP);
- Resale price method;
- Cost plus method;
- Comparable profits method;
- Profit split method.

## F. WITHHOLDING TAX

Dividends paid to non-resident companies are subject to a 12% final withholding tax on their gross amount, subject to the application of a double tax treaty. Interest and royalties not connected to a permanent establishment are subject to a 10% and 15% final withholding tax respectively on the gross amount, subject to the application of a double tax treaty. Non-resident companies without a permanent establishment are subject to a 6% final withholding tax on freight and forwarding charges connected with international shipping transactions, subject to the application of a double tax treaty.

A 15% final withholding tax applies to income derived from:

- Sale of goods in the territory of Belarus under agency agreements, commission agreements, other similar civil law agreements;
- Holding or participation in cultural and entertainment events in the territory of Belarus, as well as work of amusement rides and wild beast shows;
- Contractual fines and penalties;
- Research and development, scientific and research, development of design and technological documentation for pilot units (pilot batch) of goods, production and testing of pilot units (pilot batch) of goods;
- Provision of guarantees and/or surety;
- Provision of disc space and/or communication channel for hosting on a server and services related to its technical maintenance;
- Alienation of immovable property in the territory of Belarus; an enterprise (its part) as an asset complex owned by a foreign organisation, securities (except for shares) and/or their redemption; stakes in equity capital (participatory interests, shares) of organisations in the territory of Belarus or their parts;
- Performing works, rendering services: consultancy, accounting, auditing, marketing, legal, engineering; trust management of immovable property in the territory of Belarus; courier; intermediary; managerial; HR; educational; storage of property; insurance; advertising; installation, adjustment, inspection, servicing, measurement, testing lines, mechanisms, equipment, devices, instruments, structures, intangible assets in the territory of Belarus; cargo escorting and protection;
- Immovable property in the territory of Belarus transferred for trust management;
- Data processing and information hosting, activities of web portals on web sites subject to conditions in the Tax Code.

## G. EXCHANGE CONTROL

Belarus imposes restrictions, special reporting and controls with respect to transactions involving foreign and national currency. The Belarusian Rouble (BYN) has restricted convertibility. Companies doing business in Belarus must open a bank account with a bank in Belarus.

## H. PERSONAL INCOME TAX

The tax year in Belarus is the calendar year. Belarus resident individuals are subject to personal income tax on their worldwide income whereas non-resident individuals are taxed on their Belarusian-sourced income only. For tax purposes, an individual is treated as a tax resident of Belarus if they are present in Belarus for more than 183 days in a calendar year otherwise they are considered a non-resident.

The general personal income tax rate is 13%. The tax rate of 4% is applied to income in the form of gambling gains from gambling organisers being legal persons of the Republic of Belarus. Fixed tax amounts are set in relation to personal income from leasing out to natural persons of residential and/or non-residential premises and parking spaces in the territory of Belarus.

Employment income includes salary, any other compensation and bonuses received in cash or in kind. Employment income received by an individual from a foreign company or entrepreneur is treated as foreign income for personal income tax purposes, regardless of the place where the employment duties were actually performed. Belarusian tax residents may claim several deductions in determining their taxable income. Employers calculate, deduct and pay the relevant tax on the compensation paid to their employees. Social security contributions are payable by an employer at a rate of 34% (28% for pension insurance and 6% for social insurance) and by an employee at a rate of 1% of their gross compensation (withheld by the employer).

A flat personal income tax rate of 13% applies to all dividends received by a resident. However, the tax rate is reduced in the following cases:

- To 6% if a resident company has not distributed profit between its members (shareholders)-residents of Belarus for three successive calendar years;
- To 0% if a resident company has not distributed profit between its members (shareholders)-residents of Belarus for five successive calendar years.

Non-residents receiving dividends from local sources are subject to 13% personal income tax which is withheld at source.

Generally, interest received from bank deposits in Belarus is subject to personal income tax withheld by the bank except for cases when at least one of the conditions below are met:

- Such interest is accrued at an interest rate not exceeding the interest rate for call bank deposits;
- The actual deposit term is not less than one year for deposits in BYN and two years for deposits in a foreign currency.

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Self-employed individuals having a business and being registered as a private entrepreneur with the appropriate registration authority are subject to (upon their choice):

- Personal income tax at a flat rate of 16% (although a specific flat rate of 9% applies to certain types of income);
- Simplified taxation (in this case individual entrepreneurs are not subject to corporate profits tax and, under certain conditions, neither to VAT (and some other taxes), but instead they pay a unified tax of either 5% of gross revenues or, if the individual entrepreneur continues to pay VAT, 3% of gross revenues);
- General taxation (like a legal entity);
- Unified tax under certain types of activities.

Self-employment income, assessed on an annual basis, consists of annual gross income less associated documented expenses.

Personal income tax is paid on a quarterly basis where a self-employed individual has a business and has registered as an individual entrepreneur with the appropriate registration authority.

Where a self-employed individual has not registered as a private entrepreneur with the appropriate registration authority, personal income tax is paid on an annual basis.

Generally, any other income is included in regular income and taxed at 13% (or 9% which applies to certain types of income). Capital gains are not paid separately but included within the total income of an individual taxpayer. Under Belarusian tax law, relevant deductions in the following four categories are deductible against a taxpayer's personal income tax liability:

- Social tax deductions;
- Standard tax deductions;
- Property tax deductions; and,
- Professional tax deductions.

## I. TREATY AND NON-TREATY WITHHOLDING TAX RATES

Please find below a table showing the withholding tax rates for dividends, interest and royalties under the various tax treaties including former USSR's treaties which Belarus still honours. In case the domestic rate is lower than the treaty rate, the former prevails. In case the treaty rate is lower than the domestic rate, the former prevails.

| | Dividends | | Interest (%) | Royalties (%) |
|---|---|---|---|---|
| | Individuals, companies (%) | Qualifying companies (%) | | |
| **Domestic rates** | | | | |
| Companies | 12 | 12 | 0/10 | 15 |
| Individuals | 13 | n/a | 0/13 | 13 |
| **Treaty countries:** | | | | |
| Armenia | 15 | 10[4] | 0/10 | 10 |
| Austria | 15 | 5[1] | 0/5 | 5 |
| Azerbaijan | 15 | 15 | 0/10 | 10 |
| Bahrain | 5 | 5 | 0/5 | 5 |
| Belgium | 15 | 5[2] | 0/10 | 5 |
| Bulgaria | 10 | 10 | 0/10 | 10 |
| China | 10 | 10 | 0/10 | 15 |
| Croatia | 15 | 5[1] | 10 | 10 |
| Cyprus | 5/10/15[3] | 5/10[3] | 5 | 5 |

B

| | Dividends | | Interest (%) | Royalties (%) |
|---|---|---|---|---|
| | **Individuals, companies (%)** | **Qualifying companies (%)** | | |
| Czech Republic | 10 | 5[1] | 0/5 | 5 |
| Denmark | 15 | 15 | 0 | 0 |
| Ecuador[5] | 10 | 5[1] | 10 | 10 |
| Egypt | 15 | 15 | 10 | 15 |
| Estonia | 10 | 10 | 0/10 | 10 |
| Finland | 15 | 56 | 0/5 | 5 |
| France | 15 | 15 | 0/10 | 0 |
| Georgia | 10 | 5[1] | 0/5 | 5 |
| Germany | 15 | 15 | 0/5 | 0 |
| Hong Kong[8] | 0/5 | 0/5[7] | 0/5 | 3/5 |
| Hungary | 15 | 5[1] | 5 | 5 |
| India | 15 | 10[9] | 0/10 | 15 |
| Indonesia[20] | 10 | 10 | 0/10 | 10 |
| Iran | 15 | 10[10] | 0/5 | 5 |
| Ireland | 0/10[11] | 0/5[11] | 0/5 | 5 |
| Israel | 10 | 10 | 0/5/10 | 5/10 |
| Italy | 15 | 5[1] | 0/8 | 6 |
| Japan | 15 | 15 | 0/10 | 0/10 |
| Kazakhstan | 15 | 15 | 0/10 | 15 |
| Korea (North) | 10 | 10 | 10 | 10 |
| Korea (South) | 15 | 5[1] | 10 | 5 |
| Kuwait | 0/5[12] | 0/5[12] | 0/5 | 10 |
| Kyrgyzstan | 15 | 15 | 0/10 | 15 |
| Laos | 10 | 5[13] | 0/8 | 5 |
| Latvia | 10 | 10 | 0/10 | 10 |
| Lebanon | 7.5 | 7.5 | 0/5 | 5 |
| Lithuania | 10 | 10 | 0/10 | 10 |
| Malaysia | 15 | 15 | 0/15 | 10/15 |
| Moldova | 15 | 15 | 0/10 | 15 |
| Mongolia | 10 | 10 | 0/10 | 10 |
| Montenegro | 15 | 5[1] | 8 | 10 |
| Netherlands | 15 | 0[14]/5[1] | 0/5 | 5/10 |
| North Macedonia | 15 | 5[1] | 10 | 10 |
| Oman | 5 | 5 | 0/5 | 10 |
| Pakistan | 15 | 11[15] | 0/10 | 15 |
| Poland | 15 | 10[4] | 0/10 | 0 |

| | | | | |
|---|---|---|---|---|
| Qatar | 5 | 5 | 0/5 | 5 |
| Romania | 10 | 10 | 0/10 | 15 |
| Russia | 15 | 15 | 0/10 | 10 |
| Saudi Arabia | 5 | 5 | 5 | 10 |
| Serbia | 15 | 5[1] | 8 | 10 |
| Singapore | 5 | 0[12] | 0/5 | 5 |
| Slovak Republic | 15 | 10[9] | 0/10 | 5/10 |
| Slovenia | 5 | 5 | 0/5 | 5 |
| South Africa | 15 | 5[16] | 0/5/10 | 5/10 |
| Spain | 18 | 18 | 0 | 0/5 |
| Sri Lanka | 10 | 7.5[17] | 0/10 | 10 |
| Sweden | 10 | 0/5[18] | 0/5 | 3/5/10 |
| Switzerland | 15 | 5[1] | 0/5/8 | 3/5/10 |
| Syria | 15 | 15 | 10 | 18 |
| Tajikistan | 15 | 15 | 0/10 | 15 |
| Thailand | 10 | 10 | 0/10 | 15 |
| Turkey | 15 | 10[10] | 0/10 | 10 |
| Turkmenistan | 15 | 15 | 0/10 | 15 |
| Ukraine | 15 | 15 | 10 | 15 |
| United Arab Emirates | 10 | 5/10[19] | 0/5 | 5/10 |
| United Kingdom | 0 | 0 | 0 | 0 |
| United States | 0 | 0 | 0 | 0 |
| Uzbekistan | 15 | 15 | 0/10 | 15 |
| Venezuela | 15 | 5[1] | 0/5 | 5/10 |
| Vietnam | 15 | 15 | 0/10 | 15 |

Notes:

1. The 5% rate applies if the beneficial owner is a company (other than a partnership) which holds directly at least 25% of the capital of the dividend-paying company.
2. The 5% rate applies if the beneficial owner is a company which holds directly or indirectly at least 25% of the capital of the dividend-paying company.
3. The 5% rate applies if the beneficial owner has invested in the share capital of the dividend-paying company not less than EUR 200,000. The 10% rate applies if the beneficial owner holds directly at least 25% of the share capital of the dividend-paying company.
4. The 10% rate applies if the beneficial owner is a company which holds at least 30% of the capital of the dividend-paying company.
5. Effective 1 January 2018.
6. The 5% rate applies if the beneficial owner is a company (other than a partnership) which controls directly at least 25% of the capital of the dividend-paying company.
7. The 0% rate applies to payments to government agencies and financial institutions.
8. Effective 1 January 2018 (Belarus); 1 April 2018 (Hong Kong).
9. The 10% rate applies if the beneficial owner is a company which holds directly at least 25% of the shares of the dividend-paying company.
10. The 10% rate applies if the recipient is a company (excluding partnership) which holds directly at least 25% of the capital of the dividend-paying company.

11. The 5% rate applies if the beneficial owner is a company (other than a partnership) which holds directly at least 25% of the capital of the dividend-paying company. The 0% rate applies to payments to government agencies and financial institutions.
12. The 0% rate applies to payments to government agencies and financial institutions.
13. The 5% rate applies if the beneficial owner is a company (other than a partnership) which holds directly at least 20% of the capital of the dividend-paying company.
14. The 0% rate applies if the beneficial owner is a company (other than a partnership) (i) which holds directly at least 50% of the dividend-paying capital and provided that an investment of at least 250,000 EUR has been made in the capital of the dividend-paying company or (ii) which holds directly at least 25% of the capital of the dividend-paying company and whose investment in the capital of the dividend-paying company is, directly or indirectly, guaranteed or insured by the government of the other contracting state.
15. The 11% rate applies if the beneficial owner is an individual or a company which holds at least 25% of the capital of the dividend-paying company.
16. The 5% rate applies if the beneficial owner is a company which holds at least 25% of the capital of the dividend-paying company.
17. The 7.5% rate applies if the beneficial owner is a company (other than a partnership) which holds directly at least 25% of the capital of the dividend-paying company.
18. The 5% rate applies if the beneficial owner is a company (other than a partnership) which holds directly at least 30% of the capital of the dividend-paying company. The 0% rate applies if the beneficial owner is a company (other than a partnership) which holds directly 100% of the capital of the dividend-paying company but only to the extent that the profits out of which the dividends are paid have been derived from industrial or manufacturing activities or from agriculture, forestry, fishing or tourism (including restaurants and hotels). However, this exemption shall not apply if the profits out of which the dividends are paid have been exempt from tax in the source state.
19. The 5% rate applies if the beneficial owner is a company (other than a partnership) which holds directly at least 100,000 USD of the dividend-paying company.
20. Effective date: 1 January 2019.

# BELGIUM

## MEMBER FIRM

| City | Name | Contact Information |
|---|---|---|
| Brussels | Wouter Brackx | +32 2454 0752<br>wouter.brackx@pkf-vmb.be |
| Brussels | Kurt De Haen | +32 2460 0960<br>kurt.dehaen@pkf-vmb.be |

## BASIC FACTS

| | |
|---|---|
| Full name: | Kingdom of Belgium |
| Capital: | Brussels |
| Main languages: | Dutch, French, German |
| Population: | 11.58 million (2020 estimate) |
| Monetary unit: | Euro (EUR) |
| Internet domain: | .be |
| Int. dialling code: | +32 |

## KEY TAX POINTS



- A resident company is liable for Belgium resident corporate tax on its worldwide profits (with Belgium tax relief for eligible foreign-source profit). A non-resident company – i.e. a legal branch or permanent establishment – is liable for Belgium non-resident corporate tax levied on Belgian-source income only.
- Capital gains are normally treated as ordinary business income and are taxable at the normal corporate tax rates, be it that both tax exemptions and roll-over tax relief are available if certain conditions are met.
- Belgium tax law comprises controlled foreign company (CFC) legislation as of 2019.
- Belgian tax law comprises group relief for corporate tax purposes as of 2019. In addition and subject to certain conditions, separate taxable persons can form a VAT unit and hence be considered as a single taxable person for VAT purposes.
- The standard Belgium withholding tax rate applicable to dividend, interest or royalty income is 30%. However, both Belgium domestic tax law and tax treaties concluded by Belgium comprise numerous withholding tax exemptions that can be claimed by various investors, mainly non-residents and financial institutions.
- An individual resident in Belgium is liable for progressive personal income tax rates that apply to worldwide income. Qualifying foreign-source income can be eligible for a Belgian personal tax exemption with progression reserve if conditions are met.
- Belgium tax law does not comprise asset tax nor a general capital gains taxation for individuals.
- Belgium has a very tax-attractive expatriate tax regime for foreign executives that are temporarily working in Belgium after being seconded to Belgium or being recruited outside Belgium.
- Belgium has a very extensive tax treaty network and a very active tax treaty policy.
- Belgium has a very active upfront tax ruling practice. No-name pre-filing meetings with the Belgium tax ruling commission are common practice.
- Taxable persons performing supplies of goods or services have to charge 21% VAT on these supplies unless these transactions are subject to a reduced rate, 'exempt' from VAT, ‘outside the scope’ of VAT or subject to ‘reverse charge’.

## A. TAXES PAYABLE

### COMPANY TAX

A resident company is liable to corporation tax on its worldwide profits. A company is resident in Belgium if its registered office or centre of management is situated in Belgium. The place of incorporation is irrelevant.

The standard Belgium corporate tax rate is 25%. A small or medium-sized company is subject to 20% corporate tax on the EUR 100,000 fraction of the taxable basis.

A company with tax residence outside Belgium that has a legal branch or permanent establishment in Belgium is subject to the same Belgium corporate tax rate of 25% (or the reduced tax rate if the conditions are met), be it on Belgium-source income only.

A company with tax residence outside Belgium that has no legal branch or permanent establishment in Belgium is basically only subject to Belgium non-resident corporate tax on income derived from Belgium based real estate. In addition, Belgium-source dividend, interest or royalty income is subject to 30% Belgium withholding tax. However, it is very likely that either a reduced tax treaty rate or even 0% withholding tax applies at the level of a non-resident beneficiary of this type of income.

### CAPITAL GAINS TAX

Capital gains are normally treated as ordinary business income and are taxable at the normal corporate tax rates. However, there are exceptions such as realised capital gains on eligible shares which can be 100% tax-free. In addition, realised capital gains on business assets can be eligible for spread taxation – i.e. roll-over tax relief – if, amongst others, the sales proceeds are timely reinvested in qualifying other business assets (including real estate).

### BRANCH PROFITS TAX

There is no separate branch profits (remittance) tax in Belgium.