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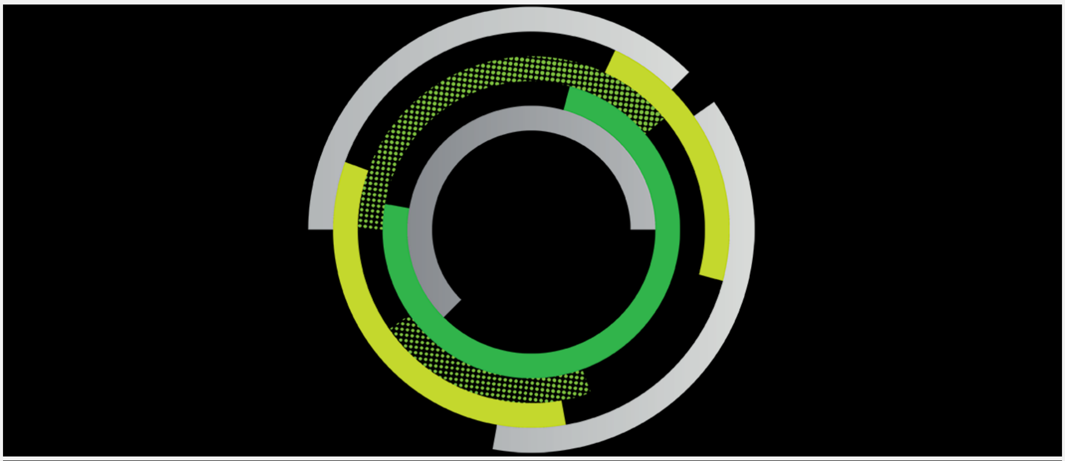

Corporate tax alert
Belgium

Co-operative tax compliance programme

The Belgian tax authorities have announced that they will start the pilot phase of their 'co-operative tax compliance programme' ('CTCP') at the end of 2018.

Background

The Belgian tax authorities, more specifically the Large Enterprises Administration, are launching a pilot CTCP project 'for very large enterprises. The underlying rationale is to establish "further collaboration between the tax authorities and the enterprises, based on trust, transparency and faster legal certainty, in order to enhance compliance".

Status

The CTCP is to be launched towards the end of 2018, as a pilot phase of minimum 2 years, with a limited number of participants.

Scope

1. 'Very large enterprises'

CTCP is only accessible for 'very large enterprises' (resident or non-resident), and would have to include all members of the group (companies and permanent establishments in Belgium, based on consolidation rules).

The criteria to determine whether an enterprise is (on a stand-alone basis) ‘very large’ would be turnover (+ EUR 750 M), balance sheet total (EUR 1.5 B), number of staff (+ 1000 FTE’s), and taxes paid.

2. Other conditions

In order to be eligible for CTCP, the companies need to comply with a number of other conditions, such as the timely filing of tax returns, no outstanding payments and no large late payment interests, negligence, violations or fraud in the last 3 years. The company should also have a performant ‘Tax Control Framework’.

3. Taxes covered

The CTCP would cover the following taxes:

- Income tax
- VAT
- Taxes assimilated to income taxes
- Miscellaneous taxes

It should be noted that there is no ‘opt-out’: CTCP will always cover all of the above listed taxes.

Key pillars

1. Agreement

CTCP is based on an agreement between the taxpayer and the tax authorities, whereby both parties commit to start a working relationship based on trust, transparency and mutual understanding. Concluding such an agreement will not result in any favourable treatment of the enterprises enrolled in the CTCP. Legal security still requires a ruling, tax audits continue to take place and litigation remains possible.

2. Pro-active dialogue and transparent communication

The aim of CTCP is to come to a spontaneous, open and pro-active dialogue about tax planning and strategy, tax risks and relevant events of a certain materiality. Such dialogue may result in a position taken by the tax authorities on a given subject matter.

3. Tax Control Framework

The existence of a Tax Control Framework should allow the tax authorities to analyse and judge the internal risk management of a company, and allow them to establish that information provided (and tax returns filed) are complete and accurate.

4. Account coordinator

An account coordinator will be the fixed point of contact for the taxpayer enrolled in CTCP, and regular meetings should take place.

Access procedure

If an enterprise is interested in enrolling in CTCP, it has to file an application with the Sector Coordination Department. If the conditions to enrol are met, an initial meeting will be held to discuss the application of CTCP, mutual expectations and responsibilities, the Tax Control Framework and the next steps.

The application phase is followed by an intake phase that would last between 6 months and a year, depending on the time needed for providing information and evaluating the Tax Control Framework. CTCP kicks off when both parties eventually sign the agreement. This agreement would be concluded for an indefinite period of time, and can be terminated by the taxpayer after a minimum period of 2 years. The tax authorities can also terminate the agreement with immediate effect in certain 'serious' instances.

Contacts

If you have any questions concerning the items in this alert, please contact your usual tax consultant at our Deloitte office in Belgium.

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