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Operational Tax News

Belgian tax reforms and implications for Luxembourg banks - What we know so far

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On 26 July 2017, the Belgian federal government issued an agreement on different tax measures, the so-called "Summer Agreement". The Summer Agreement includes a series of tax measures designed to stimulate the economic growth and the job creation, reinforcing Belgium's attractiveness for foreign investments, and achieving more "fairness" in taxation policy.

Some of the measures in the Summer Agreement, that are currently included in a draft bill ("avant-projet de loi"), may have a direct impact on Belgian individuals holding accounts with non-Belgian banks. If enacted, these measures would become applicable as of 1 January 2018.

Some of the main measures can be summarized as below:

Subscription tax on securities accounts

A new (annual) subscription tax ("abonnementstaks / taxe d'abonnement") would be introduced on securities accounts held with Belgian and non-Belgian banks. The securities hit by the tax would be limited to shares, bonds and funds as well as to derivatives on the previously mentioned instruments. Pension savings and life insurances would remain exempt. The tax would be due at the rate of 0.15 percent provided that the average monthly balance or value of the securities account (calculated by reference to a 12-month period) amounts to EUR500,000 or more. The new tax would apply to all (Belgian and foreign) securities accounts held by resident individuals, with exclusion of securities accounts held by legal entities.

Dividends

Dividends received by individuals would be exempt for up to EUR627 per year as of 2018. This exemption would amount to a tax saving of maximum EUR188.10 per year (current withholding tax rate of 30 percent).

Saving deposits

The individual income tax exemption applicable for interest from regulated saving accounts (currently EUR1,880) would be halved to EUR940 as from 2018.

Collective investment funds

Currently, under article 19bis CIR 92 Belgian individuals are subject to a 30 percent withholding tax on capital gains realized on shares in collective investment vehicles investing at least 25 percent in debt bonds. The 25 percent threshold may be either abolished or reduced as of 2018.

Stock exchange tax

In 2018, the stock exchange tax applicable when purchasing, selling stock or shares would increase from 0.27 percent to 0.35 percent. For bonds, the stock exchange rate would increase from 0.09 percent to 0.12 percent. The maximum amount of the tax relating to bonds or similar financial instruments would remain EUR1,300 per single transaction. The maximum amount of the tax relating to stock or shares would remain EUR1,600 per single transaction.

The Belgian Parliament has not voted upon the law yet and the various provisions outlined above are still subject to change.

Should you have any questions regarding the above, please do not hesitate to contact us.

Your contacts

Deloitte Luxembourg

Eric Centi
Partner
Deloitte Solutions
Tel. +352 45145 2162
ecenti@deloitte.lu

Nenad Ilic, CFA
Director
Tax - Global Financial Services Industry
Tel. +352 45145 2046
neilic@deloitte.lu

Deloitte Belgium

Sofie Van Breedam
Partner
svanbreedam@deloitte.com
+ 32 2 600 67 93

Frédéricq Jacquet
Senior Director
frjacquet@deloitte.com
+ 32 2 600 65 29

Meghann Luypaert
Manager
mluypaert@deloitte.com
+ 32 2 600 65 38

Deloitte Luxembourg
560, rue de Neudorf
L-2220 Luxembourg

Tel: +352 451 451
Fax: +352 451 452 401
www.deloitte.lu

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