



## LT in focus

# Convention between the Russian Federation and the Kingdom of Belgium for the avoidance of double taxation

A Convention between the Russian Federation and the Kingdom of Belgium for the avoidance of double taxation was signed on May 19, 2015. It will replace the Convention for the avoidance of double taxation signed in Moscow on June 16, 1995, which currently applies to the two countries.

The adopted document contains the following important changes:

1. The minimal tax rate on dividends is reduced from 10 to 5 percent and applied under the following conditions:
  - the period of continuous ownership of shares is at least 12 months;
  - the shares directly hold at least 10 per cent of the capital;
  - the capital invested exceeds at least 80 000 Euro.

In other cases, a tax rate of 15 per cent is applied.

2. The introduction of a provision restricting the use of tax incentives under which tax incentives, such as reduced tax rates or exemption from taxation, are not applied if the main purpose of the company is obtaining these incentives.
3. Gains derived from the alienation of sea or aircraft, railroad cars or motor vehicles operated in international transport shall be taxable only in place of effective management by the company.
4. The provisions on the exchange of information and assistance in collecting of taxes are brought in line with OECD recommendations.

Please note that the changes do not affect the taxation of income from the alienation of shares or other corporate rights to company assets consisting of immovable property – such income shall be taxable in the state of which the alienator is a resident.

Except for the abovementioned, the new convention does not change the tax rates and taxation procedures for other incomes which are contained in the convention signed as June 16, 1995.

The convention will enter into force after the exchange of ratification instruments but no earlier than January 1, 2016.



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