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## CASH AND TREASURY MANAGEMENT COUNTRY REPORT

# BELGIUM

# Executive Summary

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## Banking

The Belgian central bank is De Nationale Bank van België (NBB) / La Banque National de Belgique (BNB). As Belgium is a participant in the eurozone, some central bank functions are shared with the other members of the European System of Central Banks (ESCB). The prudential supervision of credit institutions is performed by the NBB/BNB. The NBB/BNB also supervises credit institutions for the purpose of preventing money laundering and terrorist financing.

Belgium does not apply mandatory central bank reporting requirements. It does, however, gather data for balance of payments (BoP) statistics through sample surveys on international trade in services, foreign direct investments and other investments, and on portfolio investments.

Resident entities are permitted to hold fully convertible foreign currency bank accounts domestically and outside Belgium. Residents are also permitted to hold fully-convertible domestic currency (EUR) bank accounts outside Belgium. Non-resident entities are permitted to hold fully convertible domestic and foreign currency bank accounts within Belgium.

Belgium has 37 credit institutions, 17 of which are majority Belgian-owned banks and 20 of which are majority-owned foreign banks. There is a significant foreign banking presence in Belgium – 62 foreign banks have also established branches in Belgium.

## Payments

The two main payment systems used in Belgium are the pan-European TARGET2 RTGS system and a multilateral net settlement system, the CEC CSM.

The most important cashless payment instruments in Belgium are credit transfers, both in terms of volume and value. Card payments and direct debits are also popular payment instruments in Belgium. The increased use of electronic and internet banking among consumers and small businesses has led to growth in the use of electronic payments. Similar to other European Union (EU) countries, Belgium has seen a marked decline in the use of checks since the phasing out of the Eurocheque and commercial postal check in 2001.

## Liquidity Management

Belgian-based companies have access to a variety of short-term funding alternatives. There is also a range of short-term investment instruments available.

Cash concentration techniques are widely available and used by Belgian companies to manage company and group liquidity. Notional pooling is available in Belgium. However, each group within a company must be treated as a separate legal entity, which can have tax implications.

## Trade Finance

Belgium applies the European Union (EU) customs code and all its associated regulations and commercial policies. All trade is free from restriction between Belgium and its fellow European Economic Area (EEA) member states.

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# PNC's International Services

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*PNC can bring together treasury management, foreign exchange, trade finance and credit capabilities to support your international needs in a coordinated and collaborative way.*

## International Funds Transfers

International Funds Transfers to over 130 countries in USD and foreign currency can be accessed through PINACLE®, PNC's top-rated, online corporate banking portal.

## Multicurrency Accounts

Set up demand deposit accounts that hold foreign currency instead of U.S. dollars. These accounts offer a simple and integrated way to manage and move money denominated in more than 30 currencies, including offshore Chinese Renminbi. You can easily view deposit and withdrawal details through PINACLE.

## PNC Bank Canada Branch ("PNC Canada")

PNC Bank, through its full service branch in Canada, can help you succeed in this important market. PNC Canada offers a full suite of products including payables, receivables, lending, and specialized financing to help streamline cross border operations.

## Multibank Services

PNC's Multibank Services provide you with balances and activity for all your accounts held with PNC and other financial institutions around the world. PINACLE's Information Reporting module can give you a quick snapshot of your international cash position, including USD equivalent value, using indicative exchange rates for all your account balances. You can also initiate Multibank Transfer Requests (MT101s), and reduce the time and expense associated with subscribing to a number of balance reporting and transaction systems.

## Establish accounts in foreign countries

Establishing good banking relationships in the countries where you do business can simplify your international transactions. PNC offers two service models to help you open and manage accounts at other banks in countries outside the United States.

- PNC Gateway Direct comprises an increasing number of banks located in many European countries and parts of Latin America. PNC's team will serve as a

point of contact for setting up the account helping with any language and time barriers and will continue to serve as an intermediary between you and the bank you select. You can access reporting and make transfers via PINACLE.

- PNC's Gateway Referral service can connect you to a correspondent banking network that comprises more than 1,200 relationships in 115 countries.

## Foreign Exchange Risk Management

PNC's senior foreign exchange consultants can help you develop a risk management strategy to mitigate the risk of exchange rate swings so you can more effectively secure pricing and costs, potentially increasing profits and reducing expenses.

## Trade Services

PNC's Import, Export, and Standby Letters of Credit can deliver security and convenience, along with the backing of an institution with unique strengths in the international banking arena. PNC also provides Documentary Collections services to both importers and exporters, helping to reduce payment risk and control the exchange of shipping documents. We assign an experienced international trade expert to each account, so you always know your contact at PNC and receive best-in-class service. And PNC delivers it all to your computer through advanced technology, resulting in fast and efficient transaction initiation and tracking.

## Trade Finance

For more than 30 years, PNC has worked with the Export-Import Bank of the United States (Ex-Im Bank) and consistently ranks as a top originator of loans backed by the Ex-Im Bank both by dollar volume and number of transactions.<sup>1</sup>

## Economic Updates

Receive regular Economic Updates from our senior economist by going to [pnc.com/economicreports](https://pnc.com/economicreports).

(1) Information compiled from Freedom of Information Act resources.

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# Financial Environment

## Country Information

### Geographical Information

<b>Capital</b>	Brussels
<b>Area</b>	30,528 km <sup>2</sup>
<b>Population</b>	11.41 million
<b>Official languages</b>	Dutch (Flemish)/French/German
<b>Political leaders</b>	Head of state — King Philippe (since July 21, 2013) Head of government — Prime Minister Charles Michel (since October 11, 2014).

### Business Information

<b>Currency (+ SWIFT code)</b>	Euro (EUR) Belgium joined the eurozone on January 1, 1999. Its former currency, the Belgian Franc (SWIFT code BEF), was converted to the euro at EUR 1 = BEF 40.3399.
<b>Business/Banking hours</b>	09:00-16:00 (Mon-Fri CET)
<b>Bank holidays</b>	2016 — December 25, 26 2017 — January 1, April 14, 17 May 1, 25, 26, June 5, July 21, August 15, November 1, 11, December 25, 26 2018 — January 1, March 30, April 2, May 1, 10, 11, 21, July 21, August 15, November 1, 11, December 25, 26
<b>International dialing code</b>	+ 32

Source: [www.goodbusinessday.com](http://www.goodbusinessday.com)

## Country Credit Rating

FitchRatings last rated Belgium on July 22, 2016 for issuer default as:

Term	Issuer Default Rating
Short	F1 +
Long	AA
Long-term rating outlook	Negative

Source: [www.fitchratings.com](http://www.fitchratings.com), December 2016.

## Economic Statistics

<b>Economics Table</b>		<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>GDP per capita</b>	<b>(USD)</b>	44,275	47,964	45,016	47,058	47,306
<b>GDP</b>	<b>(EUR billion)</b>	366	380	388	395	400
<b>GDP</b>	<b>(USD billion)</b>	484	528	499	525	531
<b>GDP volume growth*</b>	<b>(%)</b>	+ 2.5	+ 1.6	+ 0.1	+ 0.3	+ 2.2
<b>BoP (goods, services &amp; income) as % GDP</b>		+ 3.4	+ 0.5	+ 1.5	+ 1.5	+ 1.4
<b>Consumer inflation*</b>	<b>(%)</b>	+ 2.2	+ 3.5	+ 2.8	+ 1.1	+ 0.3
<b>Population</b>	<b>(million)</b>	10.94	11.01	11.08	11.15	11.23
<b>Unemployment</b>	<b>(%)</b>	8.3	7.2	7.6	8.4	8.5
<b>Interest rate (Euro 3 month)<sup>†</sup></b>	<b>(%)</b>	0.48	0.82	0.06	0.05	0.05
<b>Exchange rate<sup>‡</sup></b>	<b>(EUR per USD)<sup>†</sup></b>	0.7550	0.7194	0.7783	0.7532	0.7537

  

		<b>2015</b>			<b>2016</b>	
		<b>Q3</b>	<b>Q4</b>	<b>Year</b>	<b>Q1</b>	<b>Q2</b>
<b>GDP per capita</b>	<b>(USD)</b>	-	-	40,180	-	-
<b>GDP</b>	<b>(EUR billion)</b>	-	-	409	-	-
<b>GDP</b>	<b>(USD billion)</b>	-	-	454	-	-
<b>GDP volume growth*</b>	<b>(%)</b>	+ 1.3	+ 1.6	+ 1.4	+ 1.4	NA
<b>BoP (goods, services &amp; income) as % GDP</b>		-	-	+ 1.5	-	-
<b>Consumer inflation*</b>	<b>(%)</b>	+ 0.8	+ 1.4	+ 0.6	+ 1.8	+ 2.1
<b>Population</b>	<b>(million)</b>	-	-	11.30	-	-
<b>Unemployment</b>	<b>(%)</b>	8.2	8.7	8.5	8.8	8.1
<b>Interest rate (Euro 3 month)<sup>†</sup></b>	<b>(%)</b>	- 0.234	- 0.368	NA	- 0.437	NA
<b>Exchange rate<sup>‡</sup></b>	<b>(EUR per USD)<sup>†</sup></b>	0.8995	0.9136	0.9017	0.9077	0.8855

\*Year on year. †Period average. ‡Market rate. Sources: *International Financial Statistics*, IMF, September 2016 and 2015 Yearbook.

## Sectoral Contribution as a % of GDP

Agriculture - 0.6%

Industry - 21.9%

Services - 77.4% (2015 estimate)

## Major Export Markets

Germany (16.9%), France (15.5%), Netherlands (11.4%), UK (8.8%), USA (6.0%), Italy (5.0%)

## Major Import Sources

Netherlands (16.7%), Germany (12.7%), France (9.6%), USA (8.7%), UK (5.1%), Ireland (4.7%), China (4.3%)

# Political and Economic Background

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## Economics

### Interest Rate Management Policy

As a participant in the eurozone, Belgium's interest rate is set through the mechanism of the European System of Central Banks (ESCB). Its main objective is to maintain price stability, defined by the European Central Bank (ECB) as keeping inflation below but close to 2% in the medium term. Interest rates are set at monthly meetings of the ECB's Governing Council.

### Foreign Exchange Rate Management Policy

The Eurosystem's exchange rate policy is determined by meetings of ECOFIN (a meeting of the finance ministers in all the EU member states). Outside formal agreements, the ECB is also permitted to intervene unilaterally or in concert with other central banks to manage the euro exchange rate relative to other currencies. However, no exchange rate activity is permitted to conflict with the main objective, to preserve price stability.

### Major Economic Issues

Since the post-war decline of the steel and coal industries, which were mainly concentrated in francophone Wallonia, the economic hub of Belgium has shifted to Flanders and the capital region of Brussels. Both areas have benefited from foreign investment and the establishment of multinational and European headquarters for companies seeking to base themselves in the de facto capital of Europe.

One of Belgium's economic concerns in recent years has been the need to remain competitive in the financial services industry in response to the phasing out of Belgian Coordination Center (BCC) structure for multinationals in 2010. To address this, the Belgian government introduced a notional interest tax deduction for risk capital (which took effect in 2007), which allows both residents and branches of non-resident companies to deduct notional interest at a rate calculated on the aggregate amount of their equity (including retained earnings).

The need to reduce government expenditure also remains an issue. The Belgian government had made strides towards achieving a balanced budget; however, due to the economic recession and fiscal stimulus measures introduced to counter its effects, Belgium's government deficit increased to 5.5% of GDP in 2009, before gradually falling to a 2.6% deficit in 2015.

A significant source of uncertainty is the future of the global economy as well as the effect that the UK referendum decision to leave the EU on June 23, 2016 will have on Belgium's economy; Belgium's exports to the UK totalled EUR 30 billion in 2015 and it is its fourth largest trading partner. Belgium's openness has made it susceptible to downturns affecting its trading partners. In addition there is significant uncertainty as to what impact a "Brexit" will have on Belgian companies with financial assets in the UK, the euro exchange rate and the overall health and

structure of the EU economy. Belgium's economy contracted by 2.6% in 2009, after experiencing overall growth of 1.0% in 2008, but rebounded in 2010 and 2011 (growing by 2.5% and 1.6% respectively). Slow growth was recorded between 2012 and 2014 (averaging below 1%), before an increase in growth to 2.5% in 2015.

## Politics

### Government Structure

Political power is divided between the national (federal), regional and linguistic community governments in Belgium under the terms of the new Belgian constitution (1970, revised 1993).

The national government is based in Brussels.

Following the 1993 revision of the constitution, Belgium has been divided between the Flemish, Walloon and Brussels geographic regions as well as French, Flemish and German linguistic communities. These regional and linguistic communities have considerable powers and maintain responsibility for education, health, environment and some economic and industrial policy.

At the local level, there are 10 regional provinces plus the capital region of Brussels, within which there are also local municipal governments.

The constitutional monarch is the head of state, but exercises limited executive power.

### Executive

At national level, the federal executive is headed by the prime minister. The prime minister forms a government with the support of the House of Representatives (see Legislature, below).

The current government is a four-party center-right coalition headed by Prime Minister Charles Michel of the francophone liberal Reformist Movement (Mouvement Réformateur - MR). The coalition comprises MR, the New Flemish Alliance (N-VA), Flemish Christian Democrats (CD&V), and the Open Flemish Liberals and Democrats (Open Vld) .

Elections to parliament are held every five years. The next round of elections will be held no later than May 2019.

### Legislature

At the national level, Belgium's federal parliament has two houses.

The 150-member House of Representatives is elected every four years by proportional representation.

The 71-member Senate is chosen every four years through a combination of election and appointment: 40 members are elected via proportional representation; ten are appointed by elected senators and 21 are appointed by the three linguistic communities' assemblies.

### *International memberships*

Belgium is a member of the EU and was a founder member of the European Economic Community. It is also a member of the Council of Europe, the Organisation for Economic Co-operation and Development (OECD), the Bank for International Settlements (BIS), the North Atlantic Treaty Organization (NATO) and the World Trade Organization (WTO). Belgium has strong, long-established, economic and political ties with its fellow Benelux countries, the Netherlands and Luxembourg.

### *Major Political Issues*

The main dominant political issue in recent years has been the tension between Belgium's linguistic communities and how this will affect the future of the Belgian state. Since 1993, Belgium's distinct regions of Flanders and Wallonia have gained greater autonomy in their affairs. There has been a growing movement for independence in Dutch-speaking Flanders, which is generally wealthier than francophone Wallonia. However, independence could have serious implications for the EU and the wider world. Brussels, home to the government of the EU and NATO, is predominantly francophone, but is surrounded by Flanders, and could eventually find itself in a political struggle between the two regions. This uncertainty has been highlighted by the recent difficulties in forming governing coalitions. In addition, the UK referendum result to leave the EU on June 23, 2016, may give fresh impetus to Flanders' nationalist and independence parties.

Parliamentary elections took place on May 23, 2014, with the New Flemish Alliance again acquiring the largest number of votes. A coalition was eventually agreed 135 days later between the New Flemish Alliance (N-VA), Flemish Christian Democrats (CD&V), the Open Flemish Liberals and Democrats (Open Vld) and the francophone Reformist Movement (MR). The government is headed by Charles Michel of MR as prime minister.

Preparations for a new financial transactions tax between 11 eurozone members, including Belgium, are underway. Ten countries agreed on December 8, 2015, on the "core principles" of the financial transaction tax; the current aim is to begin its implementation in the second quarter of 2017.

In January 2016, the European Commission announced that Belgium's scheme on companies' excess profits was illegal, giving at least 35 multinational companies an unfair tax advantage by reducing their corporate tax base by 50-90%. Belgium is obliged to recover EUR 700 million from these companies.

Before the scheduled signature in October 2016 of the Comprehensive Economic and Trade Agreement (CETA), a tentative free-trade agreement between Canada and the European Union, Belgium announced it was unable to sign the treaty, as the Walloon Parliament was opposed to it. However, after an addendum was added to the deal which addressed concerns about protection for Walloon farmers, Belgium's regional parliaments permitted full powers for CETA's signature to be given to the federal government, with the Minister of Foreign Affairs Didier Reynders signing the treaty on behalf of Belgium on October 29. CETA was then signed by Canada and EU officials on October 30, 2016.

# Taxation

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## Resident/Non-resident

A company (or “legal entity”) is considered resident if its registered office, principal establishment or centre of management is based in Belgium.

## Tax Authority

FOD Financien/SPF Finances (Federal Tax Administration).

## Tax Year/Filing

Companies are taxed on the taxable income of each accounting year, which may be the calendar year or any other 12-month period.

The tax return must be filed at least one month after the date the financial statements are approved by the annual general meeting of the shareholders, but no later than six months after the end of the financial year. The tax authorities can grant an extension of the filing date at the request of the taxpayer.

Consolidated returns are not permitted; each company must file its own return.

## Corporate Taxation

Companies resident in Belgium are subject to corporate tax on their worldwide income. (Taxation of foreign-sourced income could, however, be exempted, based on tax treaty provisions.) Non-resident companies pay tax only on Belgian-sourced income, notably that generated through a permanent establishment or Belgian real estate.

Non-resident companies without a taxable permanent establishment may, under specific circumstances, be taxed on certain Belgian-source income if Belgium is allocated taxation rights based on a tax treaty concluded with the non-resident’s state of residence; or, where there is no treaty, if the non-resident cannot demonstrate that the income has been effectively taxed in its residence state. In such a case, the Belgian payer of the income must withhold professional withholding tax at a rate of 16.5% (unless the rate is reduced under a treaty).

The basic rate of corporate taxation for residents and non-residents is 33%.

A staggered series of reduced rates applies for companies which have a taxable income not exceeding EUR 322,500 and which are not excluded from the reduced tax rates. (Companies excluded from the reduced tax rates include holding companies and companies owned 50% or more by other legal entities.)

A 3% surcharge is imposed on the adjusted corporate income tax liability, bringing the effective tax rate to 33.99%.



Although, strictly speaking, there is no alternative minimum tax in Belgium, a 'fairness tax' at a rate of 5.15% (including the surtax) may be due on dividend distributions by large companies that distribute dividends and, during the same taxable period, offset losses carried forward or a current year notional interest deduction against their taxable income. This fairness tax will be due only to the extent that the dividend distribution exceeds the company's taxable base that is subject to corporate tax at the rate of 33.99%. Distributions of grandfathered reserves are excluded from the fairness tax.

Under the dividends received deduction, 95% of dividends received by a Belgian company, whether from a domestic or foreign company, is exempt from tax. The remaining 5% is subject to tax at the normal rate. To qualify for the dividends received deduction, the following requirements must be met:

- the shareholder must hold at least 10% of the share capital of the payer company or the participation must have an acquisition value of at least EUR 2.5 million;
- the company distributing the dividends must be subject to corporate income tax on the profits out of which the distribution is made ('subject to tax' requirement); and
- the shareholder must continuously have (or have had) full ownership of the qualifying shares for an uninterrupted period of at least one year.

Under the patent income deduction, Belgian companies and permanent establishments of non-resident companies may deduct 80% of income from royalties and income deemed to be sourced from patented intellectual property.

Losses may be carried forward indefinitely for corporate tax purposes, but may not be carried back. Restrictions apply in the case of a tax-free reorganization (e.g. merger, demerger or contribution) or a change in control that is not justified by legitimate financial and economic need. The concept of control (i.e. legal control, factual control or joint control) is defined under Belgian company law. Not all items are available for offset (e.g. abnormal or gratuitous advantages received, the 0.412% capital gains tax on shares, the fairness tax and the secret commissions tax).

### **Advance Ruling Availability**

Taxpayers may obtain advance confirmation from the tax authorities regarding how the law will be applied to a particular situation or operation that has not yet had any effect from a taxation point of view. The Advance Ruling Commission operates as an autonomous public office within the Federal Ministry of Finance.

The advance tax ruling procedure applies to all federal taxes. It may also relate to the regional taxes collected by the federal state, such as the tax on immovable property income.

## Withholding Tax (Subject to Tax Treaties)

Payments to:	Interest	Dividends	Royalties	Other income	Branch Remittances
<b>Resident companies</b>	0%/15%/25%	0%/15%/25%	0%	None	NA
<b>Non-resident companies</b>	0%/15%/27% <sup>1</sup>	0%/15%/27% <sup>2</sup>	0%/15%/27% <sup>3</sup>	0%/16.5% <sup>4</sup>	None

1. Interest paid to a non-resident generally is subject to a 27% withholding tax (15% for interest from certain specific government bonds and interest from regulated savings deposits exceeding certain thresholds), unless the rate is reduced under the EU Interest and Royalties Directive or domestic law. Interest paid by finance companies and holding companies, interest paid to financial institutions in treaty countries, and certain other forms of interest are not subject to withholding tax under Belgian domestic law under certain conditions.

2. Under Belgium's implementation of the EU Parent-Subsidiary Directive, no tax is withheld on dividends paid to a company established in Belgium or another EU member state that holds at least 10% of the company paying the dividends, provided the participation is held for an uninterrupted period of at least one year. The same rule applies to dividends paid to shareholders resident in a country that has concluded a tax treaty with Belgium where the treaty contains an exchange of information clause.

Where no exemption or reduced rate applies, the default rate is 27%. The withholding tax on liquidation dividends is 25% and a reduced 15% withholding tax rate applies to shares issued in exchange for cash contributions into SMEs.

3. The withholding tax on royalties is 25% on the gross amount (or 15%, for income from author's and associated rights, and from legal and compulsory licenses), reduced by a standard expense deduction of 15%. The rate may be reduced or eliminated under a tax treaty. No withholding tax is levied on royalty payments made to qualifying associated EU companies under the EU Interest and Royalties Directive.

4. Under certain conditions a 16.5% professional withholding tax may apply.

## Tax Treaties/Tax Information Exchange Agreements (TIEAs)

Belgium has exchange of information relationships with 120 jurisdictions through 103 double tax treaties and 19 TIEAs ([www.eoi-tax.org](http://www.eoi-tax.org), January 2016).

On January 27, 2016, Belgium, as part of the OECD/G20 Base Erosion and Profit Shift (BEPS) initiative, signed a multilateral co-operation agreement with 30 other countries ("the MCAA"). Under this multilateral agreement, information will be exchanged between tax administrations, giving them a single, global picture on some key indicators of economic activity within multinational enterprises (MNE).

With Country-by-Country reporting tax administrations of jurisdictions where a company operates will have aggregate information annually relating to the global allocation of income and taxes paid, together with other indicators of the location of economic activity within the MNE group. It will also cover information about which entities do business in a particular jurisdiction and the business activities each entity engages in. The information will be collected by the country of residence of the MNE group, and will then be exchanged through exchange of information supported by such agreements as the MCAA. First exchanges under the MCAA will start in 2017-2018 on 2016 information.

Other signatory countries are:-

- Australia, Austria, Chile, Costa Rica, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Malaysia, Mexico,

Netherlands, Nigeria, Norway, Poland, Portugal, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland and United Kingdom.

## Transfer Pricing

Transactions between related companies and between a head office or other branches of a foreign company and the Belgian branch, must be at arm's length. A deemed profit can be imputed in non-arm's length transactions. There are no statutory documentation requirements.

## Thin Capitalization

No thin capitalization rules exist, except in the case of loans from certain direct shareholders/ individuals or from directors, managers and liquidators (individual or legal entities) of the company (including loans from spouses and children) where a 1:1 debt-to-equity ratio applies, or on intragroup loans and loans from entities not subject to tax or subject to a tax regime that is significantly more advantageous than the Belgian tax regime at a 5:1 debt-equity ratio (with some exceptions).

## General Anti-abuse Provision

In limited circumstances, certain purely tax-driven transactions may be recharacterized under the general anti-abuse provision or under specific anti-abuse provisions.

Interest, royalties and other fees paid directly or indirectly to a beneficiary in a tax haven country or to a company benefiting from a special tax regime are not deductible for tax purposes unless they are at arm's length and relate to genuine and real transactions.

Payments made to tax havens and jurisdictions that have not substantially implemented the internationally agreed OECD tax standard on exchange of information must be reported on a special form to be annexed to the annual corporate income tax return and are deductible only if they relate to 'real and genuine' transactions with persons, and are not artificial arrangements.

Payments related to transactions with entities resident in tax haven countries (including low-tax jurisdictions and jurisdictions that have not substantially implemented the internationally agreed tax standard on exchange of information, as determined by the OECD) must be disclosed in an annex to the corporate tax return.

Payments by employers in relation to extra-legal pension schemes and pensions and allowances must be disclosed.

## Stamp Duty

No stamp duty is levied on loan agreements.

There is a stock exchange tax on transactions in public securities and other financial instruments.

## VAT/TVA (including Financial Services)

VAT is imposed on all companies with no de minimis threshold except for distance sales by a non-Belgian foreign mail order company to Belgian individuals, in which case a threshold of EUR 35,000 applies.

A general rate of 21% is payable on the purchase of goods and performance of services.

Reduced rates of 12%, 6% and 0% apply in certain cases.

The majority of financial services transactions are considered to be exempt supplies for VAT purposes.

## Capital Gains Tax

Capital gains derived by a corporation on the disposal of tangible and intangible assets are regarded as business income and subject to tax at the ordinary corporate tax rate. Tax deferral is possible subject to certain conditions. Gains derived from shareholdings in other companies are exempt if:

- the shares meet the subject-to-tax requirement for application of the dividends received deduction; and
- have been held for an uninterrupted period of at least one year.

No participation requirement applies. Shares sold within the one-year period are taxed at a rate of 25.75% (including the surtax). The net amount of fully exempt capital gains derived from shareholdings in other companies is subject to a 0.412% separate tax (including the surtax).

Special rules apply to capital gains on shares in certain tax-neutral restructurings and to capital gains (and capital losses) on shares realised by “trading” companies for transfers to and from their “trading portfolio”.

## Financial Transactions/Banking Services Tax

A tax on stock exchange transactions (beurstaks/taxe boursière) is levied at a general rate of 0.27% and subject to maximum payment of EUR 800.

The tax has to be withheld by the financial intermediary (for conversion in dematerialized securities) or the issuer (for conversions in registered securities).

## Real Estate Tax

A tax is levied on income from immovable property located in Belgium and is computed as a percentage of the notional annual rental value of the property. The rate varies depending on the region in which the property is located: the rate is 2.5% of the cadastral income for the Flemish region and 1.25% for Walloon and Brussels regions. Local surcharges apply, depending on the municipality where the property is located.

Transfer taxes apply to the transfer and leasing of real estate located in Belgium, at rates ranging from 0.2% to 12.5% (depending on the type of transaction and the region in which the property is located).

### Other Taxes

No capital duty except for a fixed fee of EUR 50. An exception may apply in the case of “mixed” contributions.

A secret commissions tax at a rate of 300%, increased by the 3% surcharge (to 309%), applies to certain remuneration, fees and commissions that are not properly documented and that have not been taxed in the hands of the beneficiary.

### Payroll and Social Security Taxes

A payroll tax is withheld on remuneration and pensions paid to resident or non-resident employees and directors for whom such payments constitute taxable professional income. Partial professional withholding tax exemptions are available for certain types of employees (e.g. researchers) or employment (e.g. overtime work, night work and shift work, work in aid zones).

Employer contributions equal approximately 40.58% of the gross salary for blue-collar employees and approximately 34.58% of the gross salary of white-collar employees. Companies with fewer than 20 employees pay slightly less.

The social contributions are due on the gross salary. Certain elements of the salary are subject to a special contribution (e.g. the CO2 solidarity contribution for the private use of a company car, the contribution of 8.86% due on the employer’s contribution for group insurance and the 1.5% contribution on extra-legal pension premiums exceeding certain thresholds). Social security contributions are deductible business expenses for corporate income tax purposes.

Under the 2015 “tax shift agreement,” the maximum effective contribution rate will be lowered to 30% on April 1, 2016 and to 25% on January 1, 2018.

Employers are also obliged to withhold a payroll withholding tax at progressive rates (up to approximately 50%) on remuneration paid to their employees.

All tax information supplied by Deloitte Touche Tohmatsu and Deloitte Highlight 2016 ([www.deloitte.com](http://www.deloitte.com)).

# Cash Management

## Banking System

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### Banking Regulation

#### Banking Supervision

##### *Central bank*

The Belgian central bank is De Nationale Bank van België (NBB) / La Banque National de Belgique (BNB). It was established in 1850 and is based in Brussels. Its authority derives from the 1998 Organic Law and statutes of the National Bank of Belgium.

Within Belgium, it is the banker to the federal government and to other banks. It issues currency (under the authority of the European Central Bank - ECB), and manages Belgium's monetary reserves.

As Belgium is a participant in the eurozone, responsibility for setting and implementing monetary policy is shared with the other members of the European System of Central Banks (ESCB). Within the ESCB, the main objective is to maintain price stability.

##### *Other banking supervision bodies*

Since November 4, 2014, the ECB has been granted a supervisory role to monitor the financial stability of banks within the eurozone via the Single Supervisory Mechanism (SSM), in accordance with the EU's SSM Regulation No 1024/2013 conferring specific tasks on the ECB with regard to the prudential supervision of credit institutions. The ECB has final supervisory authority while member states' national supervisors now provide a supporting role. The ECB directly supervises the 127 "most significant" banks.

The ECB possesses the authority to conduct supervisory reviews, on-site inspections and investigations; grant/withdraw banking licences; assess bank acquisitions; ensure compliance with EU prudential rules; and, if required, to set higher capital requirements to counter financial risks.

The prudential supervision of credit institutions within Belgium has been performed by the NBB/BNB, its national competent authority, since April 1, 2011, assuming responsibility from the Banking, Finance and Insurance Commission (CBFA). The NBB/BNB also supervises credit institutions for the purpose of preventing money laundering and terrorist financing.

Formerly the CBFA, the renamed Financial Services and Markets Authority (FSMA) is currently responsible for the supervision of financial markets, financial products, and of intermediaries in banking and investment services.

## Central Bank Reporting

### *General*

Belgium does not apply mandatory central bank reporting requirements. Instead, it gathers data for balance of payments (BoP) statistics through sample surveys on international trade in services, foreign direct investments and other investments, and on portfolio investments. The NBB/BNB also uses separate surveys to capture specific data on particular subjects, including trade credits with non-residents.

### *What transactions – listed*

The NBB/BNB divides companies every year according to their economic activity. It chooses the largest company within each grouping and then randomly selects other companies within the same group to report. A list of relevant economic operations with non-residents which must be reported is provided for each company. For each transaction, the following information must be provided:

- the economic nature of the operation;
- the amount of the operation (in the currency in which it is transacted);
- whether it is a receipt or expenditure; and
- the country of the non-resident.

### *Whom responsible*

The resident entity is ultimately responsible for the transmission of the required information to the NBB/BNB. Approximately 11,760 resident companies submit surveys; 38.8 percent are contacted monthly, 59.3 percent quarterly and 1.8 percent annually.

Regarding international trade in services, a constant sample of big companies, based on threshold criteria, and a sample of small companies (one-third of which are renewed every three years) are surveyed.

Regarding foreign investments, threshold criteria are used for reporting entities.

Regarding trade credits, a sampling approach is used.

There is an exhaustive selection of surveyed entities for portfolio investments and other surveys.

Companies can provide the information electronically through the NBB/BNB website via the Onegate internet application.

Any claim or liability reporting is usually the responsibility of the resident entity.

### *Additional reporting for liquidity management schemes*

No additional reporting requirements apply.

## Exchange Controls

### *Exchange structure*

Belgium is a full participant in the eurozone. Belgium's former currency, the Belgian franc (BEF), was converted to the euro on January 1, 1999 at the conversion rate of EUR 1 = BEF 40.3399. The euro has a free floating exchange rate.

### *Exchange tax*

There is no exchange tax.

### *Exchange subsidy*

There is no exchange subsidy.

### *Forward foreign exchange market*

There are no restrictions on forward foreign exchange markets.

### *Capital flows*

There are restrictions on investment from outside the EU in accounting and legal services and in airlines (where non-EU residents may not hold a majority interest), and foreign investment in shipping flag vessels.

### *Loans, interest and repayments*

Financial loans from residents to non-residents with maturities exceeding three months are subject to restrictions if they represent over 10 percent of a resident insurance company's technical reserves. This limit increases to 20 percent if the recipient is a non-resident financial institution from elsewhere in the EU.

### *Royalties and other fees*

There are no restrictions.

### *Profit remittance*

There are no restrictions on the remittance of profits into or out of Belgium.

## Bank Account Rules

Resident entities are permitted to hold fully convertible foreign currency bank accounts domestically and outside Belgium. Residents are also permitted to hold fully-convertible domestic currency (EUR) bank accounts outside Belgium.

Non-resident entities are permitted to hold fully convertible domestic and foreign currency bank accounts within Belgium. Non-residents are also permitted to hold domestic currency accounts outside Belgium.

To open a bank account, a company must provide formal identification of the account holder and the ultimate economic beneficiary. Some banks also allow account opening documentation to be completed in English.



## Anti-money Laundering and Counter-terrorist Financing

- Belgium has enacted anti-money laundering legislation, including legislation implementing the first three EU anti-money laundering directives and counter-terrorist financing legislation (Law On Preventing Use of The Financial System for Purposes of Money Laundering 1993, as amended 2004, 2010 and 2012; Law of 3 May 2002; Law of 19 December 2003; Regulations of the Banking, Finance and Insurance Commission on Preventing Money-Laundering and the Financing of Terrorism 2004 and Articles 140, 141 and 505 of the Penal Code. In addition, the Royal Decree of 5 October 2006, On Measures to Control Cross-border Transportation of Cash came into force on June 15, 2007 and the Royal Decree of 18 January 2010 came into force on 18 August 2010 and Royal Decree 16 March 2010).
- A Financial Action Task Force (FATF) member, Belgium observes most of the FATF+49 standards.
- Belgium has established a financial intelligence unit (FIU), the Financial Information Processing Unit (CTIF-CFI), which is a member of the Egmont Group.
- Account opening procedures require formal identification of the customer and beneficial owners.
- “Know your customer” principles must be complied with for all transactions; financial institutions are required to identify the purpose and nature of the business relationship and the types of transaction that the customer will wish to undertake. Financial institutions are required to conduct on-going CDD.
- Financial institutions must identify the beneficial owners and structure of legal entities, trusts, and unincorporated associations.
- Identification requirements do not apply when the customer is a credit or financial institution or an investment company resident in Belgium or a country that has equivalent anti-money laundering regulations.
- The identity of clients engaging in transactions equal to or greater than EUR 10,000 must be recorded.
- Financial institutions in the broadest sense are required to record and report suspicious transactions to the CTIF-CFI.
- Transactions involving customers (natural persons and legal entities) from countries or territories on the FATF list of non-co-operative countries and territories must be reported to the CTIF-CFI.
- Individuals entering or exiting the EU must declare currency of EUR 10,000 to the customs authorities.
- Cash payments above EUR 3,000 for goods and real property are prohibited.
- All records must be kept for a minimum of five years in such a manner that the transaction can be reconstructed.

Data as at January 2016.

**BELGIUM**

## Banking Sector Structure

### Major Domestic Banks

Bank	Total assets (USD million) December 31, 2015
BNP Paribas Fortis	297,191
KBC Bank	236,319
Belfius Bank	192,162
ING Belgium	165,044

Source: [www.acuity.com](http://www.acuity.com)

### Overall Trend

Belgium has 37 credit institutions, 17 of which are majority Belgian-owned banks and 20 of which are majority-owned foreign banks. There is a significant foreign banking presence in Belgium – 62 foreign banks have also established branches in Belgium and another 17 have established representative offices.

There are four main domestic banks providing the full range of banking services to corporate clients – BNP Paribas Fortis, KBC Bank, Belfius Bank and ING Belgium. KBC and Belfius Bank are currently 100% Belgian-owned.

As with other European countries, Belgium has seen significant consolidation within the banking sector since the emergence of greater international competition and the introduction of the euro.

In October 2007, the Belgo-Dutch Fortis Bank was part of the consortium which bought Dutch bank ABN AMRO. However, Fortis was nationalized in October 2008 by the Belgian, Dutch and Luxembourg governments. BNP Paribas now owns 99.9% of Fortis Belgium, which is now branded BNP Paribas Fortis.

The Belgium government announced on October 7, 2008 that it would offer financial support to leading banks and guaranteeing bank deposits up to EUR 100,000 in response to global financial problems. It also announced a capital injection for the Belgo-French Dexia Bank, which also received support from the French and Luxembourg governments. KBC, meanwhile, received a EUR 2 billion cash injection from the Flanders regional government in January 2009.

The Belgian banking arm of Dexia, Dexia Bank Belgium, was wholly purchased by the Belgian government on 20 October 2011 for EUR 4 billion. It was renamed Belfius Bank in March 2012.

# Payment Systems

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## Overview

The two main payment systems used in Belgium are TARGET2 and the CEC CSM.

Belgium migrated to the pan-European TARGET2 RTGS system on February 18, 2008. The TARGET2 Single Shared Platform (SSP) is operated by the Bundesbank, the Banque de France and Banca d'Italia.

It also migrated to the Centre for Exchange and Clearing Clearing and Settlement Mechanism (CEC CSM) between February 22 and March 26, 2013 for the clearing of both SEPA and low-value/non-urgent legacy payment instruments from the NBB-operated Center for Exchange and Clearing (UCV/CEC). It is hosted on France's CORE platform and operated by STET (Systèmes Technologiques d'Echange et de Traitement).

STET launched a new clearing and settlement mechanism (CSM) for the Single Euro Payment Area (SEPA), entitled SEPA.EU, on November 21, 2016. SEPA.EU is accessed via SWIFTNet. There are multiple intraday clearing cycles for SEPA credit transfers (SCTs) and SEPA direct debits (SDDs), with settlement effected via TARGET2. STET also plans to implement a pan-European 24/7 instant payment scheme for SEPA credit transfers (the SCTinst scheme) in November 2017.

**High-value**

<b>Name of system</b>	TARGET2 Belgium's national component is TARGET2-BE.
<b>Settlement type</b>	Real-time gross settlement
<b>Settlement cycle</b>	Payments are settled in real-time with immediate finality.
<b>Links to other systems</b>	TARGET2 links payment systems in all 24 participating EU member states.
<b>Payments processed</b>	High-value and urgent electronic payments, both domestic and cross-border Settlement of net positions from UCV/CEC
<b>Currency of payments processed</b>	EUR
<b>Value and other limits to processing</b>	There are no value thresholds.
<b>Operating hours</b>	07:00-18:00 CET, Mon-Fri
<b>System holidays</b>	TARGET2 does not open on weekends and on New Year's Day, Good Friday, Easter Monday, Labor Day (May 1) and December 25, 26.
<b>Cut-off times</b>	Customer payments = 17:00 CET Interbank payments = 18:00 CET
<b>Participants</b>	Twenty-nine direct and 29 indirect participants in TARGET2-BE.
<b>Access to system</b>	Banks connect via the SWIFTNet FIN Y-Copy service. Payments are submitted using SWIFT standard message types.
<b>Future developments</b>	NA

## Low-value

<b>Name of system</b>	Centre for Exchange and Clearing Clearing and Settlement Mechanism (CEC CSM)
<b>Settlement type</b>	Multilateral net settlement
<b>Settlement cycle</b>	Payments are settled in batches on a same-day basis. Participants' net positions are calculated daily at 15:00 CET, and then settled across participants' accounts at the TARGET2 SSP at 15:15 CET.
<b>Links to other systems</b>	TARGET2-BE
<b>Payments processed</b>	Low-value and non-urgent electronic and paper-based payments, both domestic and cross-border. These include SEPA credit transfers and direct debits regardless of value, payment card and e-money transactions, as well as bills of exchange and checks. Paper-based payments (primarily checks) must be truncated into electronic items before processing.
<b>Currency of payments processed</b>	EUR
<b>Value and other limits to processing</b>	Maximum value limit of EUR 500,000 for domestic legacy credit transfers and direct debits., and of EUR 25 million for checks. SEPA payments have no maximum value limit.
<b>Operating hours</b>	The system operates 24 hours a day, Monday to Friday, and until 14:00 CET on Saturday.
<b>System holidays</b>	The system's holidays are set by the French Banking Federation (FBF).
<b>Cut-off times</b>	There are varying cut-off times for different types of transactions for same-day settlement, e.g. Direct debits = 10:30 CET Credit transfers below EUR 125,000 = 13:30 CET Bills of exchange = 13:30 CET Checks = 14:15 CET Credit transfers over EUR 125,000 = 15:00 CET
<b>Participants</b>	There are 13 direct and 45 indirect participants.
<b>Access to system</b>	Participant banks access via data processing centers that connect to its technical platform.
<b>Future developments</b>	NA

## Payment and Collection Instruments

### Overview and Trends

The most important cashless payment instruments in Belgium are credit transfers, both in terms of volume and value. Card payments and direct debits are also popular payment instruments in Belgium. Similar to other EU countries, Belgium has seen a notable decline in the use of checks since the phasing out of the Eurocheque guarantee in 2001 and of the commercial postal check.

Since January 1, 2008, all debit cards issued by banks in Belgium have been Single Euro Payments Area (SEPA)-compliant. Migration to pan-European SEPA credit transfers (SCTs) and SEPA direct debits (SDDs) for EUR-denominated payments was finalized in Belgium on April 1, 2014.

In January 2016, a Revised Directive on Payment Services (PSD2) entered into force. The overall objective of the PSD2 is to increase the competition on the European Union payment market, facilitate innovative payment services and ensure that payment services are safe and offer complete consumer protection. The directive is to be incorporated into the EU members' national laws and regulations by January 2018.

### Statistics of Instrument Usage and Value

	Transactions (million)		% change 2015/2014	Traffic (value) (EUR billion)		% change 2015/2014
	2014	2015		2014	2015	
<b>Checks</b>	8.52	9.48	11.3	23.96	21.13	- 11.8
<b>Debit card payments</b>	1,349.52	1,352.53	0.2	59.60	60.22	1.0
<b>Credit card payments</b>	152.69	198.28	29.9	13.43	16.74	24.6
<b>Credit transfers</b>	1,366.39	1,257.72	- 8.0	6,678.55	6,115.64	- 8.4
<b>Direct debits</b>	529.45	413.35	- 21.9	120.07	101.43	- 15.5
<b>Card-based e-money</b>	28.54	7.03	- 75.4	0.36	0.37	2.8
<b>Total</b>	<b>3,442.36</b>	<b>3,269.26</b>	<b>- 5.0</b>	<b>6,898.68</b>	<b>6,318.19</b>	<b>- 8.4</b>

Source: ECB payment statistics, September 2016.

### Paper-based

#### Checks

Since the decline of the Eurocheque, the use of checks has generally declined in favour of electronic alternatives. The Belgian banking community has tried to discourage the use of checks and bills of exchange (as they are not part of SEPA) by charging fees for check books and usage.

Checks with a value equal to or less than EUR 25 million are truncated into electronic items before clearing through the CEC CSM. Non-truncated checks with a value greater than EUR 25 million and foreign currency checks are exchanged manually and cleared on a bilateral basis between banks. Irregular cheques can be exchanged via Certipost's SEDUS application, which enables the images to be bilaterally exchanged between banks. The payment instructions are then processed as credit transfers by TARGET2-BE or the CEC CSM.

### Postal Drafts

The Post Office issues postal drafts, which are restricted to government bodies for the payment of benefits. Corporate users can still use circular checks (pre-printed checks for a single payment of personnel benefits such as bonuses or holiday pay), however, usage is also discouraged by Belgian banks as they move towards SEPA compliance.

## Electronic

### Credit Transfers

Credit transfers are the most popular payment method in Belgium, used by companies to pay suppliers and salary payments. They are also used to make treasury, tax and benefit payments and for payments between banks. Approximately 97% of credit transfers were electronic in 2015.

The rise of internet banking coupled with the popularity of Belgium's standard electronic banking platform ISABEL has led to an increase in the use of electronic credit transfers.

Domestic and cross-border electronic credit transfers in EUR can be made using the Europe-wide SEPA-compliant XML-based credit transfer format.

### High-value

High-value and urgent EUR-denominated domestic and cross-border credit transfers can be settled via TARGET2. All payments settled through TARGET2 are done so in real-time and with immediate finality.

High-value and urgent cross-border electronic payments can also be processed via the Euro Banking Association's EURO1 clearing system for end-of-day value. Three banks in Belgium (BNP Paribas Fortis, KBC Bank and ING Belgium) participate in EURO1.

Cross-border credit transfers in EUR and other currencies can also be processed via a combination of SWIFT connectivity, correspondent banking relationships and branch network capabilities.

### Low-value

Non-urgent and low-value credit transfers are processed through the CEC CSM or the SEPA.EU CSM. Most payments are cleared and settled on a same-day basis.

Low-value cross-border transfers in EUR can be processed via the EBA's STEP1 or STEP2 systems, the pan-European SEPA.EU CSM, and through banks' traditional correspondent banking relationships or networks.

The internal SCTs of KBC Bank are cleared by EquensWorldline.

EBA Clearing and Italy's SIA Group (which already serves as a technical operator for STEP2) have agreed to develop and implement a pan-European real-time infrastructure for instant EUR payments by the fourth quarter of 2017. The service will align with the ISO 20022 global messaging standards for instant payments.

EquensWorldline also plans to introduce a pan-European instant payment service in the near future.

### Direct Debits

Most direct debits in Belgium are for regular, low-value payments, such as insurance premiums or utility bills.

Most non-urgent and low-value direct debits are processed through the CEC CSM or the SEPA. EU CSM. Most payments are processed to be settled on a same-day basis. Some high-value direct debits with a value greater than EUR 500,000 can be processed through TARGET2.

SEPA Direct Debit (SDD) CORE and B2B services have been available since November 2, 2009, enabling cross-border, EUR-denominated direct debits. The EBA has been processing SDD payments in STEP2 since the launch of the SDD schemes. Banks have been obliged to accept and process CORE SDDs since November 1, 2010.

### Payment Cards

The use of payment cards continues to increase in Belgium, especially among retail consumers. Approximately 17.0 million debit cards and 5.6 million credit and charge cards were in circulation at the end of 2015.

Bancontact/Mister Cash (BCMC) debit cards with a Maestro function and Visa V-PAY debit cards are issued in Belgium. Most credit cards are issued in affiliation with Visa or MasterCard. American Express and Diners Club credit cards are also in circulation.

As of January 1, 2011, all payment cards in circulation have been SEPA-compliant EMV chip cards.

Card payments are usually cleared via the CEC CSM through the EquensWorldline card processing center, which participates directly in the CEC CSM. American Express and Diners Club card payments are cleared by the international credit card companies.

### ATM/POS

At the end of 2015, there were approximately 15,660 ATMs and 188,080 EFTPOS terminals in Belgium. All ATMs and POS terminals in Belgium should now be EMV chip-compliant.

EquensWorldline operates the national ATM/POS network. ATM and POS transactions are cleared via the CEC CSM through the EquensWorldline card processing center.



### Electronic Wallet

PROTON is a multi-purpose electronic wallet designed for small payments at retail outlets, vending machines and car parks, and on public transport. Cards with a PROTON function can be loaded with values ranging from EUR 5 to EUR 125 at ATMs and public phones. Payments can also be made online or via telephone. At the end of 2015, there were 4.8 million debit cards with a PROTON function in circulation. PROTON payments are cleared via UCV/CEC through Worldline.

# Liquidity Management

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## Short-term Borrowing

### Overdrafts

Both resident and non-resident companies can arrange overdrafts with banks which are usually repayable with no time limits, though occasionally expiry dates may be set.

Belgian banks price their overdrafts at a margin (usually 3–5%) over the euro interbank offered rate (Euribor). There can also be a credit provision charge based on the highest debit balance or the actual size of the overdraft facility.

### Bank Lines of Credit / Loans

Resident and non-resident entities can arrange short-term bank loans and revolving lines of credit. Banks make advances at agreed margins over Euribor in EUR and foreign currencies (margin over relevant market rate).

Commitment and arrangement fees are chargeable, but negotiable.

### Trade Bills – Discounted

Discounting trade bills (*credit d'escompte*) is an occasional form of short-term financing used by companies in Belgium. The borrower (a supplier company anticipating an invoice payment) can raise finance on a bill once its customer has accepted the bill.

### Factoring

Factoring is widely available on both a disclosed and undisclosed basis. It is quite popular.

Factoring services range from sales ledger management and finance to insurance against the risk of insolvency.

### Commercial Paper

The leading issuers of both EUR-denominated commercial paper and Eurocommercial paper (typically USD) in Belgium include public sector bodies, real estate and service providers, and automobile manufacturers. Maturities range from one week to one year. Belgian investors will accept unrated issues of domestic, EUR-denominated paper. Other commercial paper issues need to be rated.

### Bankers' Acceptances

Bankers' acceptances are not available in Belgium.

### Supplier Credit

Supplier credit can be arranged in Belgium.

## Intercompany Borrowing, including Lagging Payments

Intercompany loans are common among large groups as part of a liquidity management scheme or for longer term working capital financing.

## Short-term Investments

### Interest Payable on Bank Account Surplus Balances

Interest-bearing current or checking accounts are available to both resident and non-resident entities. Although interest levels are low it is relatively simple to sweep surplus balances in order to utilize higher-yielding alternatives.

### Demand Deposits

Interest-bearing demand, or sight, deposit accounts are available to both resident and non-resident entities.

### Time Deposits

Banks offer time deposits for terms ranging from one week to one year in either EUR or major foreign currencies. Banks may impose minimum investment amounts.

### Certificates of Deposit

Certificates of deposit (CDs) are available from commercial banks, usually for maturities ranging from one week to one year. CDs can be issued in a range of major currencies and generally pay a fixed rate of interest. The minimum investment required is EUR 250,000.

### Treasury (Government) Bills

Two types of short-term government securities are issued by the Belgian Debt Office:

- Treasury bills, issued for maturities of up to three months in any OECD currency.
- Treasury certificates, issued in EUR at a discount for maturities from three, six or 12 months.

Interest accrued is free of withholding tax.

### Commercial Paper

Belgian companies and government bodies issue commercial paper for terms of seven days to 12 months. The minimum investment required is EUR 250,000, though amounts of EUR 5 million are common.

The NBB/BNB can trade commercial paper electronically.

Belgian companies can invest in EUR-denominated commercial paper and Eurocommercial paper (ECP). Belgian investors will accept unrated EUR-denominated paper from domestic issuers, however ECP issues (typically in USD) need to be rated.

### Money Market Funds

Money market funds are available to Belgian companies but usage remains fairly limited. *Sociétés d'investissement à capital variable* (SICAVs) are open-ended investment companies open to corporate investors.

### Repurchase Agreements

Repurchase agreements (repos) are actively traded in the Belgian interbank market. They usually have maturities of one to seven days.

### Bankers' Acceptances

Bankers' acceptances are not used as short-term investment instruments with companies in Belgium.

## Liquidity Management Techniques

The Belgian coordination center (BCC) scheme was a tax-advantageous specialized structure, which succeeded in making Belgium a hub for international cash management. However, the BCC regime had to be phased out by December 31, 2010, after it was deemed that the BCC regime broke the EU Code of Conduct on tax competition and the rules on State Aid.

Notional interest deduction (see Corporate Taxation) has been applicable since 2007, ensuring that Belgium remains a tax-advantageous environment for multinational groups to operate and manage their finances.

### Cash Concentration

Cash concentration techniques are widely available and used by Belgian companies to manage company and group liquidity. Each company that participates in such a structure must be treated as a separate legal entity. Both resident and non-resident bank accounts can participate in a cash concentration structure located in Belgium. Cross-currency cash concentration is available. Lifting fees on transactions between resident and non-resident bank accounts are rarely charged.

### Notional Pooling

Notional pooling is offered by leading cash management banks in Belgium. Each company that participates must be treated as a separate legal entity. For intercompany loans, companies need to consider Belgium's rules on arm's length transfer pricing and thin capitalization. Both resident and non-resident bank accounts can participate in a notional cash pooling structure located in Belgium.

# Trade Finance

## General Rules for Importing/Exporting

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A member of the EU, Belgium follows the EU customs code; all associated regulations and commercial policies apply.

All trade with other countries in the European Economic Area (EEA) is free from tariffs and other controls.

The EU has also established trade agreements with a number of countries as well as with other regional trade blocs.

# Imports

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## Documentation Required

Imports originating outside the EU will normally need to be accompanied by a commercial invoice, a customs declaration, a bill of lading and a packing list. A certificate of origin may also be required.

Imports originating inside the EU do not require formal supporting documentation, although a commercial invoice should normally be supplied.

## Import Licenses

Diamonds, armaments, and some steel and textiles from outside the EU require import licenses. Some steel products from Kazakhstan and some textile products from Belarus and North Korea require import licenses with quotas.

## Import Taxes/Tariffs

As a member of the EU, Belgium applies the common customs code to all imports originating from outside the EU. In general terms, the EU customs code applies higher levels of tariffs on agricultural imports.

## Financing Requirements

There are no particular financing requirements for imports.

## Risk Mitigation

Belgium does not operate a national risk mitigation program for importers.

## Prohibited Imports

Belgium prohibits imports in line with EU regulations and UN Security Council resolutions. Imports are prohibited for safety and moral reasons, to preserve wildlife, and to protect national security.

# Exports

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## Documentation Required

Exports to countries outside the EU will normally need to be accompanied by a commercial invoice, a customs declaration, a bill of lading and a packing list. A certificate of origin may also be required.

Exports to countries within the EU do not require formal supporting documentation, although a commercial invoice should normally be supplied.

## Export Licenses

Diamonds, armaments, and strategic items subject to international controls require export licenses.

## Export Taxes/Tariffs

Belgium does not levy taxes or tariffs on exports.

## Proceeds

There are no restrictions on the use of export proceeds.

## Financing Requirements

There are no particular financing requirements for exports.

## Risk Mitigation

Export financing is available from the leading commercial banks.

Delcredere/Ducroire, which heads the Credendo Group, is the country's official export credit agency which provides export credit insurance against political, commercial and foreign exchange risk.

Private export credit insurance is available from several other commercial entities.

## Prohibited Exports

Belgium prohibits exports in line with EU regulations and UN Security Council resolutions.

# Information Technology

## Electronic Banking

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Almost all Belgian companies have access to electronic banking services. There is a national bank-neutral electronic banking system that was developed in Belgium, the Interbank Standards Association Belgium (ISABEL). A full range of electronic banking services are available from 24 banks through the ISABEL6 web solution, from daily transaction and balance reporting, to domestic and international payment initiation. SWIFT for Corporates is also available to large multinational companies.

All commercial banks offer internet banking to companies. Electronic bill presentment and payment services are increasingly popular. ISABEL provides its circa-75,000 users with individual mailboxes, enabling E-invoicing.

Mobile banking is offered by all commercial banks in Belgium. BNP Paribas established Hello Bank!, the first pan-European digital mobile bank, in Belgium, France, Germany and Italy in May 2013.

YouPass is a leading mobile payment app in Belgium, enabling contactless payments using Near Field Communication (NFC) technology. YouPass customers may make payments by holding their mobile phones over POS terminals. YouPass app transactions are protected by the consumer's existing bank app security.



# External Financing

## Long-term Funding

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### Bank Lines of Credit / Loans

Medium- and long-term financing is available in the form of bank loans (*les crédits d'investissement*) for the funding of capital investments such as new buildings and equipment. Depending on the nature of the borrower's requirements, funding can be available as a bilateral facility or in the form of a syndicated loan. Local Belgian banks are experienced in arranging syndicated loan facilities and sharing credit risk.

Bank loans are available to both domestic and foreign-based companies in both domestic and foreign currencies.

Bank loans are typically made for three, five and ten years although the period can be longer.

Bank loans denominated in domestic currency are usually arranged at a margin to Euribor (euro interbank offered rate). The precise margin is dependent on general market conditions, the creditworthiness of the borrower and the nature of any guarantees and other credit enhancements in place.

### Leasing

Leasing has become a popular form of longer-term finance for Belgian companies. It is used to finance a range of underlying assets, whose nature determines the term of the lease contract. There are various forms of leasing for equipment, real estate, vehicles and vendor goods. Both financial leasing and operational leasing (where maintenance costs are covered by the leasing company) are available in Belgium.

Leases can be set with fixed or floating rates of interest. Sale and lease back (or rent bank) options are also available in Belgium. Terms of contracts usually range from 18 months to five years, though contracts can be arranged for longer periods for assets such as plant and equipment.

### Bonds

Bond funding is available in Belgium. Companies can choose between Belgian bonds and a wide range of Eurobonds. Both public and private companies issue bonds. Government-backed bonds (*bons d'Etat*) are considered safer investments, though private corporate bonds usually yield higher returns.

All types of bond are available, including convertible bonds, paying fixed and floating interest, and zero-coupon bonds.

### **Private Placement**

The private placement of securities is available in Belgium and does not require the approval of the Banking and Finance Commission.

### **Asset Securitization / Structured Finance**

The issue of asset-backed bonds and notes has become mainstream in Belgium. Many banks are prepared to arrange asset securitization programs for non-bank corporations.

### **Government (Agency) Investment Incentive Schemes / Special Programs or Structures**

The EU's structural funds are available to finance infrastructural development. However, with the growth in size of the EU, the funds available for such investment have to be distributed to more countries. Funds are also available through the European Investment Bank and the European Investment Fund.

# Useful Contacts

## National Treasurers' Association

Association of Belgian Corporate Treasurers — [www.atebforum.com](http://www.atebforum.com)

## National Investment Promotion Agencies

Invest in Belgium — [www.ib.fgov.be](http://www.ib.fgov.be)

Belgian Foreign Trade Agency — [www.abh-ace.be](http://www.abh-ace.be)

Flanders Investment & Trade — [www.investinlanders.be](http://www.investinlanders.be)

Office for Foreign Investors (Wallonia) — [www.investinwallonia.be](http://www.investinwallonia.be)

Invest in Brussels — [www.investinbrussels.com](http://www.investinbrussels.com)

Brussels Regional Development Agency — [www.citydev.brussels](http://www.citydev.brussels)

## Central Banks

National Bank of Belgium — [www.nbb.be](http://www.nbb.be)

## Supervisory Authorities

European Central Bank — [www.ecb.europa.eu](http://www.ecb.europa.eu)

National Bank of Belgium — [www.nbb.be](http://www.nbb.be)

Financial Services and Markets Authority — [www.fsma.be](http://www.fsma.be)

Belgian Financial Intelligence Processing Unit — [www.ctif-cfi.be](http://www.ctif-cfi.be)

## Payment System Operator

National Bank of Belgium — [www.nbb.be](http://www.nbb.be)

Systèmes Technologiques d'Échange et de Traitement (STET) — [www.stet.eu](http://www.stet.eu)

Center for Exchange and Clearing (UCV/CEC) — [www.cecbelgium.be](http://www.cecbelgium.be)

ISABEL — [www.isabel.eu](http://www.isabel.eu)

YouPass — [www.youpass.com](http://www.youpass.com)

## ATM/POS Network Operators

EquensWorldline — [www.equensworldline.com](http://www.equensworldline.com)

## Banks

BNP Paribas Fortis — [www.bnpparibasfortis.be](http://www.bnpparibasfortis.be)

KBC — [www.kbc.be](http://www.kbc.be)

Belfius Bank — [www.belfius.be](http://www.belfius.be)

ING Belgium — [www.ing.be](http://www.ing.be)

## Stock Exchange

Euronext — [www.euronext.com](http://www.euronext.com)

## Ministry of Finance

Ministry of Finance — [www.financien.belgium.be](http://www.financien.belgium.be)

Belgian Treasury — [www.treasury.fgov.be](http://www.treasury.fgov.be)

## Ministry of Economy

Ministry of Economy, SMEs, Self-employed and Energy — [www.economie.fgov.be](http://www.economie.fgov.be)

Ministry of Foreign Affairs, Foreign Trade and Development Cooperation —  
[www.diplomatie.belgium.be](http://www.diplomatie.belgium.be)

## Chamber of Commerce

Federation of Belgian Chambers of Commerce — [www.belgianchambers.be](http://www.belgianchambers.be)

## Bankers' Association

Belgian Financial Sector Federation — [www.febelfin.be](http://www.febelfin.be)