



1. Introduction

Does Belgium have wealth tax? And if not, is it planning to introduce a wealth tax? These are often questions that pop-up when new inhabitants analyze their tax situation pre-arrival in Belgium. The straight-forward reply to the wealth tax question is: 'no'. 'No', Belgium does not have wealth tax. However... it has quite some taxes affecting wealth. Proper structuring might avoid these taxes.

With this factsheet, we will try to give an overview of the more relevant types of 'wealth tax' that can affect Belgian taxpayers.

Last year, Belgium has introduced an annual tax on securities accounts (the so-called TSA). The introduction of the TSA caused political debate due to the point of view that the wealth of Belgian tax residents is already taxed sufficiently and fair enough by the Belgian government via other (indirect) wealth taxes.

Therefore, as to create some clarity about the above we present hereby an overview of the TSA and examples of more disguised wealth taxes, i.e. other taxes that are calculated on or derived indirectly from the possession or transfer of wealth or capital by (Belgian) residents like the

tax on stock exchange transactions and, in short, other taxes like the real estate tax, inheritance and gift taxes, the insurance premium tax and the tax replacing inheritance taxes.

2. Tax on securities accounts (TSA)

In general, the TSA is a yearly 0,15%-tax that applies to securities accounts which totalize more than an amount of 500.000 EUR.

2.1. Scope:

The TSA is a tax levied on the total value of qualified securities that are held by:

- (i) Belgian individual tax residents that hold a security account at Belgian or foreign banks; and
- (ii) By non-resident individuals that hold a security account maintained by a Belgian bank.

Securities held by corporate entities are out of scope.¹

Qualified securities are:

- Stocks (listed and unlisted), and certificates on such stocks;
- Bonds (listed and unlisted), and certificates on such bonds;
- Warrants;
- Shares in investment companies;
- Units of contractual funds.

Derivatives (options, futures, swaps) are out of scope, just like units of contractual funds and shares of investment companies that are held as part of a pension savings plan or life insurance.

2.2. Payment of the tax

The annual 0,15% tax is levied on the average value of each individual taxpayer's share, and not only on the tranche over 500.000 EUR but over the complete average value. The tax base corresponds to the average value of qualified securities during a reference period.

On 30 September 2018 the first reference period (concerning the first reference period of the TSA, i.e. 10 March 2018 – 30 September 2018) ended. Currently, the deadline for the first self-declaration is midst July 2019 (payment 31 August 2019).

For securities accounts maintained with Belgian banks, the responsibility to report and pay the TSA lies with the Belgian bank (opt-in). The bank will deduct the tax from the account and pay it to the tax authorities.

In some cases, it will fall on the taxpayer's shoulder to authorize several distinctive banks to deduct and pay the TSA. Furthermore, it is

obliged to declare multiple securities accounts in the annual income tax return.

Bank accounts held abroad are also in scope. Foreign banks may report and pay the tax via a fiscal representative based in Belgium. However, if they do not, Belgian resident account holders will have to report the value of their securities online, together with their annual income tax returns, and pay the tax by 31 August.

Important to know is that several claims are filed with the Belgian constitutional court as to abolish the TSA-law. The claims are amongst others based on the irrational EUR 500.000 trespass and the fact that only individual taxpayers pay the tax.

3. Tax on stock exchange transactions (TOB)

The tax on stock exchange transactions ("taks op beursverrichtingen" or "TOB") can be regarded as an indirect wealth tax as it concerns a tax on the "transfer" of capital.

3.1. Scope

In general, the TOB concerns a tax on the disposal and acquisition, for a consideration, of Belgian or foreign securities and the repurchase of own capitalisation shares by an investment company through a qualifying intermediary.

As of 1 January 2017, as a part of budgetary measures, the Belgian legislator expanded the scope of the TOB, which makes the following categories currently liable to pay the TOB:

- Belgian professional intermediaries for the transactions they carry out on behalf of their clients;
- Belgian residents for the transactions carried out through non-Belgian financial

¹ There is an anti-abuse measure aimed at preventing TSA avoidance by transferring securities to corporate entities.

intermediaries.

3.2. Payment of the TOB

The stock exchange tax, for transactions as of 8 January 2018, is currently charged, depending on the kind of security, at the following rates per individual transaction:

- 0.12% (e.g. for bonds and mutual funds);
- 0.35% (e.g. for shares);
- 1.32% (e.g. for the sale of accumulation mutual funds).

The Belgian professional intermediaries satisfy the TOB at source, which means there are no further declarative obligations for the taxpayer. As of 1 January 2017, when the bank is established abroad, it is the taxpayer who is liable for the tax (unless the foreign bank withholds the TOB at source and files the declaration).

In case of untimely declaration, late penalty interests and (disproportional) fines are due. It's no wonder that, just like with the TSA, there are several claims filed with the Belgian constitutional court and through the Belgian constitutional court with the European Court of Justice as to abolish the expansion of the TOB-law to bank accounts held abroad.

4. Other indirect wealth taxes

There are several more taxes in Belgium that are calculated on or derived indirectly from the possession or transfer of wealth or capital by (Belgian) residents. Hence, we present a brief pick of some of those "indirect" wealth taxes.

4.1. Real estate tax (immovable withholding tax)

The Belgian legislator imposes the so called "immovable withholding tax" ("onroerende voorheffing"), which is a tax imposed on the deemed income from immovable property

located in Belgium.

Although this real estate tax is called a withholding tax, it is levied by assessment and a final tax. It is levied as a percentage on the cadastral value of the property at rates that alter from 1.25% to 4% depending on the location of the real estate.

4.2. Inheritance and gift tax

The Belgian tax authorities calculate inheritance tax resp. gift tax on the value of what a taxpayer has inherited resp. on the value what has been gifted.

The higher the value of the goods, the more inheritance tax or gift tax the taxpayer has to pay to the tax authorities.

The rates of the inheritance tax vary between the regions with top rates of 27% (descendants/partners) and 55% (others) in Flanders and 30% (descendants/partners) 65%-70% (other close family members) and 80% (others) in Brussels Capital and Walloon region. The deceased's/donor's (last) place of residence for tax purposes will determine whether Flemish, Brussels-Capital or Walloon Region legislation and tariffs apply.

Inheritance tax is often mitigated through lifetime gifts, which can reduce overall tax to 0% in case of 'unregistered' gifts. Registered gifts of movable property are possible at roughly 3% (Flanders and Brussels Capital) – 3,3% (Walloon region) in direct line (descendants/partners). Registered gifts of immovable property, to descendants/partners, varies with top rates of 27% in Flanders and Brussels capital and 30% in Walloon region (descendants/partners).

Special lowered rates apply for familial enterprises and charities.

4.3. Insurance premium tax (IPT)

Belgium applies a form of insurance premium tax to numerous classes of insurance. The premium tax of most investment insurance contracts amounts to 2,00%. The basis for the IPT calculation is the total amount of the premium payable by the insured.

4.4. Tax replacing inheritance taxes

Belgium levies a tax at the rate of 0,17% on all the assets owned by Belgian Private Foundations and non-profit organizations. The 0,17% tax is called the “compensatory tax for inheritance tax” as it replaces inheritance taxes which in itself does not apply towards these entities. Although the tax is due by the Private Foundation itself and thus not directly affects an individual’s wealth, it should be mentioned as a Belgian Private Foundation is often used for maintaining for charitable giving and caring for a disabled child or preservation of the families heritage and wealth.

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