LOYENS LOEFF

Investment Climate Comparison

Belgium, the Netherlands, Luxembourg and Switzerland

Edition 2018

Table of contents

Introduction

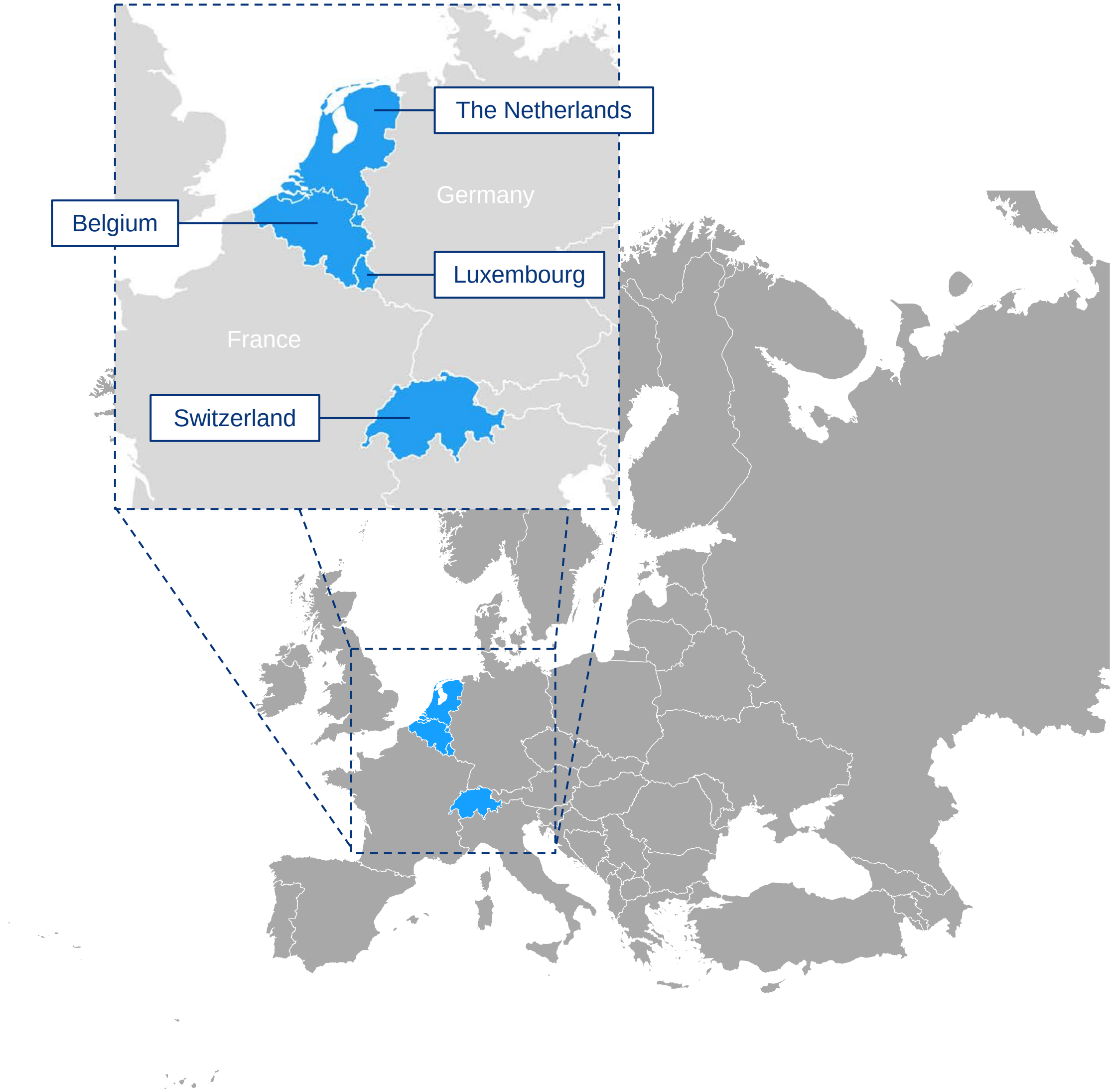
Our home markets: **Belgium**, **the Netherlands**, **Luxembourg** (together BeNeLux) and **Switzerland**, four relatively small countries in the heart of Europe with open, international and competitive economies. Not surprisingly, many multinational enterprises (MNE) base their operations in these countries, for instance by means of European or regional headquarters, a shared service centre, a customer care centre, a distribution and logistics centre or a research & development (R&D) facility.

This publication is meant for investors and their advisers to inform them about the main features of the investment climate in the BeNeLux and Switzerland. We do so in general, by setting out and comparing the main characteristics of the different jurisdictions in terms of corporate taxes, legal framework and certain employment related aspects.

We present and compare these countries without a bias for one particular jurisdiction. This allows you to take an informed decision on which country best suits your business and market.

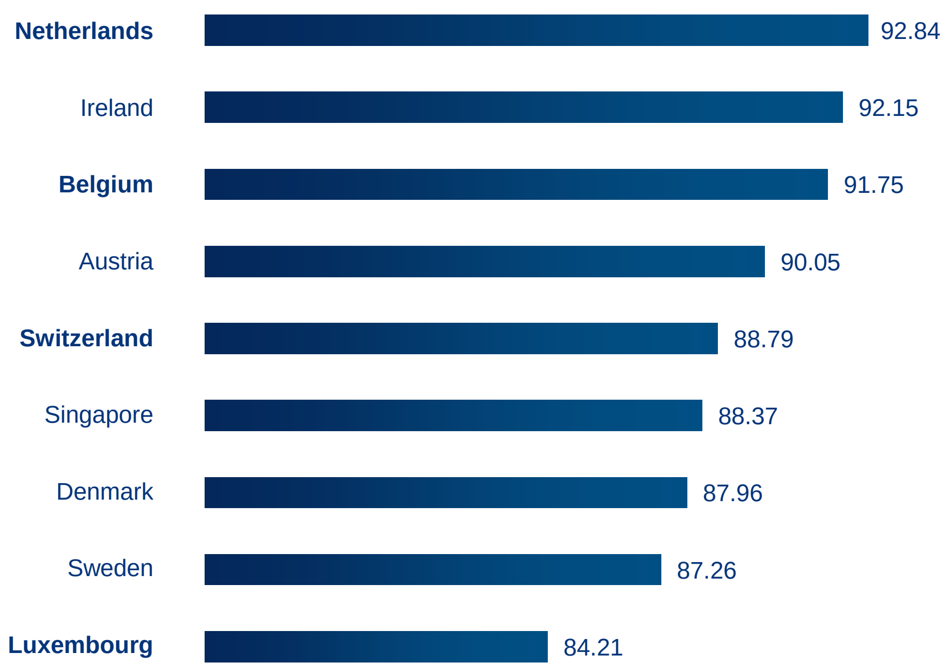
Please reach out to your regular contact within Loyens & Loeff or visit our website (www.loyensloeff.com) for more information and contact details.

We hope that you find the information enclosed of interest.



A global economy

2017 KOF Index of Globalisation



Source: KOF Swiss Economic Institute

7 key factors

1. A **geographic position** at the heart of the wealthiest and most densely populated area of Europe, sharing borders or closely connected with large economies like Germany, France, Italy and the United Kingdom.
2. An **excellent logistic gateway** to Europe, with a long tradition of world-class infrastructure, including Europe's largest seaports (Rotterdam and Antwerp), well-connected international airports and renowned roads, rail networks and waterways.
3. A highly skilled, productive and **international workforce**. Well-educated workers, who are among the most multilingual in the world, enabling them to successfully operate within a vast range of industries engaged in cross-border trade and services.
4. The **stable political and economic environment** creates a reliable place to do business. It's not for nothing that these countries host international organisations like the EU institutions (Brussels and Luxembourg), the International Court of Justice (The Hague) and the European headquarters of the UN (Geneva).
5. A well thought-out, flexible and **reliable legal and regulatory framework** of domestic and European laws, caters to the requirements and concepts preferred by parties from different jurisdictions.
6. Among the most 'wired' countries, where high-speed internet, advanced ICT systems and state-of-the-art computer and cell-phone technology have created a formidable base for international businesses relying on – and active in the field of – **modern technology**.
7. An indisputable high quality of life, surrounded by beautiful nature, a great cultural and architectural history, high-level education, a wide variety of leisure activities, an international cuisine and an open society make these countries a truly **welcoming new home** to expatriates.

Hence with good reason these countries rank 1st (the Netherlands), 3rd (Belgium), 5th (Switzerland) and 19th (Luxembourg) on the KOF Globalisation Index 2017, which measures the economic, social and political dimensions of the globalisation of nation states.

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2.

Corporate tax climate for multinational enterprises (MNE)

A tax framework that fits your activities

2017 International Tax Competitiveness Index Rankings

	#
Estonia	1
New Zealand	2
Switzerland	**3**
Latvia	4
Luxembourg	**5**
Sweden	6
Australia	7
Netherlands	**8**
Czech Republic	9
Slovak Republic	10
Turkey	11
Belgium	**27**

International Tax Rules Rank

	#
Netherlands	**1**
Luxembourg	**2**
United Kingdom	3
Hungary	4
Latvia	5
Austria	6
Estonia	7
Sweden	8
Switzerland	**9**
Czech Republic	10
Turkey	11
Belgium	**13**

The business activities of MNE require an attractive and stable tax system facilitating the international import and export of goods, services and capital. The open economies of the BeNeLux and Switzerland could not flourish, as they are used to, without an inviting tax climate. The BeNeLux and Switzerland are therefore committed to remaining and strengthening their attractiveness for businesses and assuring competitive conditions. As a result of which their corporate tax systems all rank among the most attractive of Europe.

Despite the obvious differences in activities and needs between MNE, generally they all require an efficient corporate structure from both a legal and tax perspective, providing for large flexibility to finance their operations and to remunerate their stakeholders and financiers.

The following chapters will set out and compare the main features of the different corporate tax systems, with a focus on aspects that are particularly relevant for MNE, including general corporate tax features and the tax treatment of holding, finance and R&D activities.

Source: www.taxfoundation.org. The index ranks 35 member countries of the OECD based on five categories

General corporate tax features

	Belgium	Netherlands	Luxembourg	Switzerland
Corporate income tax				
Rates	29.58% (20.4% for first €100,000 of profit of SMEs)	25% (20% for first €200,000 of profit)	26.01% combined rate (CIT, municipal business tax and unemployment fund)	12.3-24.2% combined rate (federal, cantonal and communal)
Tax basis	Worldwide profit	Worldwide profit	Worldwide profit	Worldwide profit
Unilateral double tax relief	Exemptions and credits	Exemptions and credits	Exemptions and credits	Exemptions and credits
Consolidation regime	No	Yes	Yes	No
Functional currency	Yes	Yes	Yes	Yes
Tax loss carry back / forward	No / Indefinite, the offset against taxable profits in so far as these exceed €1,000,000 is limited to 70% per taxable period	1 year / 9 years	No / 17 years (for losses incurred prior to 1 January 2017, indefinite carry forward)	No / 7 years
Other taxes				
VAT (or Swiss equivalent)	21% main rate	21% main rate	17% main rate	7.7% main rate
Net wealth tax	No	No	0.5/0.05% (including minimum tax)	0.001-0.52%, canton dependent
Capital / issuance tax	Flat fee of €50	No	No	1% on share issuances (>CHF1m; one time exemption)
Real estate transfer tax	10/12.5% (region dependent)	6% (commercial real estate)	6% (basic rate) plus 1% transcription tax (1.5% in Luxembourg municipality)	Rate canton dependent
Other transfer tax	No	No	No	0.15/0.30% on securities, if a Swiss securities dealer is a party or intermediary to the transaction
Other aspects				
Advance tax rulings	Direct & indirect taxes	Direct & indirect taxes	Direct & indirect taxes	Direct & indirect taxes
Advance pricing agreements	Yes	Yes	Yes	Yes
Government fee ruling	No	No	€3,000 - €10,000	No
Tax treaty network	95	93	82	92

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Holding activities

	Belgium	Netherlands	Luxembourg	Switzerland
Parent-subsidiary regimes				
Dividends	Full exemption	Full exemption	Full exemption	Full 'participation reduction' of CIT allocable to net dividend
Capital gains	Full exemption	Full exemption	Full exemption	Full 'participation reduction' of CIT allocable to net gain
Residency subsidiary	Unilateral scope	Unilateral scope	Unilateral scope	Unilateral scope
Minimum thresholds	10% or an acquisition value of ≥€2.5m for dividends	5%	10% or an acquisition value of ≥€1.2m for dividends and ≥€6m for capital gains	10% or a fair value of ≥CHF1m for dividends, only participation reduction for capital gains on disposal of ≥10% of the shares in a subsidiary
Minimum holding period	12 months	No	12 months (may be met prospectively for dividends)	No minimum for dividends, 12 months for capital gains
Subject-to-Tax requirement	≥15% (statutory or effective), direct and indirect subsidiary test, deemed to be met for EU resident subsidiaries	≥10% and (broadly) comparable tax base, only relevant if the subsidiary's assets consist (in)directly for ≥50% of low-taxed (deemed) free passive investments	≥9% and comparable tax base. Requirement applies only for subsidiaries that do not qualify under the EU Parent-Subsidiary Directive (PSD)	No
Deduction related expenses	Yes, but certain interest deduction limitations	Yes, but limitation for acquisition/sale costs and certain interest deduction limitations	Yes, but limitation and/or recapture for costs (including interest) that relate to exempt dividends and gains	No deduction for attributed financing costs and (deemed) G&A expenses
Deduction capital losses	Only liquidation losses, conditionally	Only liquidation losses, conditionally	Yes, subject to limitation/recapture	Yes, subject to limitation/recapture
Taxation non-resident corporate shareholders				
Dividend withholding tax	30%, exemption for entities resident in EU/EEA or treaty jurisdiction providing for exchange of information with shareholdings of ≥10% or an acquisition value of ≥€2.5m (certain conditions apply)	15%, exemption for entities resident in EU/EEA or treaty jurisdictions with shareholdings of ≥5%	15%, exemption for entities resident in EU/EEA or treaty jurisdiction with shareholdings of ≥10% or an acquisition value of ≥€1.2m	35%, exemption for EU resident entities with shareholdings of ≥25% and tax treaty relief in many other cross-border situations
Tax on capital gains	No	Only in 'abusive' situations	Only on speculative gains (i.e., gains realised during first 6 months)	Only in 'abusive' situations

Finance activities

	Belgium	Netherlands	Luxembourg	Switzerland
General				
Taxation financing income	General rates	General rates	General rates	General rates
Determination intragroup interest and financing margins	Arm's length principle, economic analysis, transfer pricing report	Arm's length principle, economic analysis, transfer pricing report	Arm's length principle, economic analysis, transfer pricing report	Safe harbour interest rates, unless taxpayer demonstrates a different arm's length interest rate
Interest deduction	Yes, but thincap rules, of which main rule consists of a 5:1 debt-to-equity ratio for group financing	Yes, but limitations for excessive financing expenses / base erosion transactions; no thincap rules	Yes; no thincap rules in legislation, but administrative practice generally requires a debt:equity ratio of at least 85/15	Yes, but thincap rules (safe harbour maximum debt ratio per asset class)
Credit foreign interest withholding tax	Specific credit (unilateral)	Ordinary credit (from tax treaty jurisdiction or developing country)	Ordinary credit (from tax treaty jurisdiction or country with comparable CIT)	Ordinary credit (from tax treaty jurisdiction)
Incentives				
Notional interest deduction on equity	10 year government bond related rate on so called 'incremental risk capital', which equals 20% of the positive difference between (i) the adjusted equity at the end of the year and (ii) the adjusted equity at the end of the fifth preceding year	No	No	For foreign financing companies with Swiss branch only (with, in principle, a balance sheet total of ≥CHF100m; Finance Branch Regime)
Other	No	No	No	Mixed Company Status may provide for a reduced tax base for cantonal/communal CIT
Taxation for non-resident corporate lenders				
Interest withholding tax	30%, exemption for EU/EEA credit institutions, group entities that qualify under EU Interest-Royalty Directive (IRD) and Belgian registered bonds. Tax treaties provide for relief in many other cross-border situations	No	No	0/3/35% (on certain debt instruments only), exemption for qualifying interest under EU-Swiss Savings Agreement. Tax treaties provide for relief in many other cross-border situations
Non-resident taxation (excluding permanent establishments)	No	Only in 'abusive' situations	No	No

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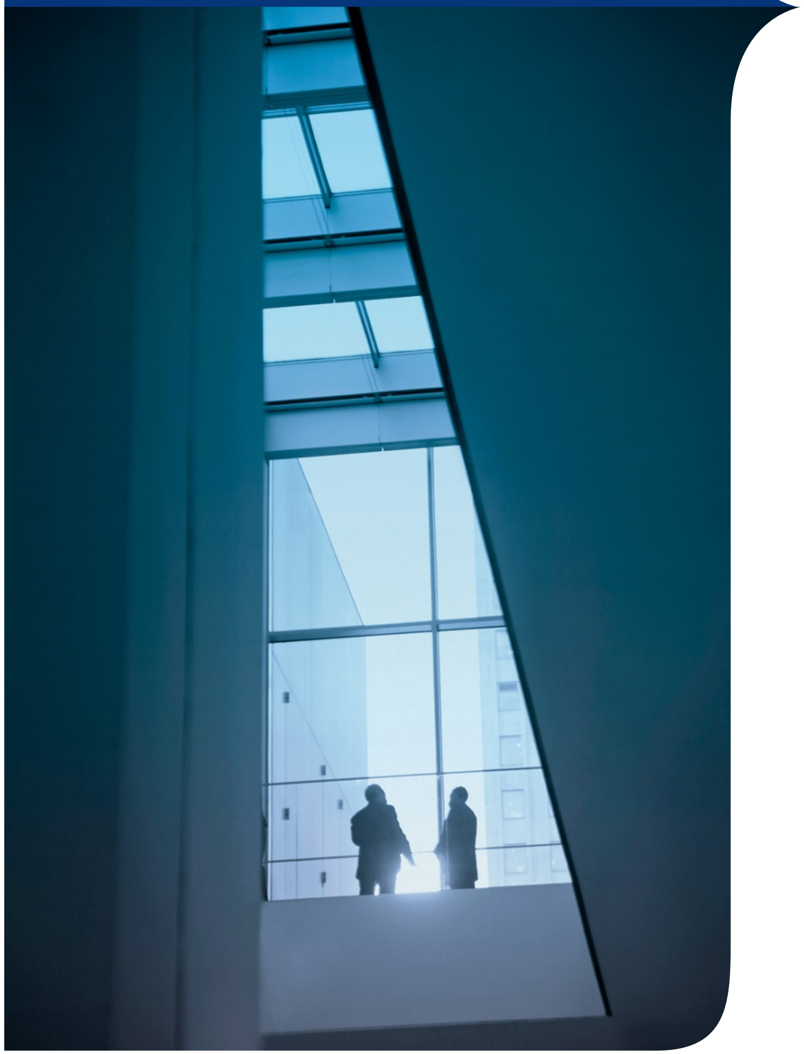
R&D activities

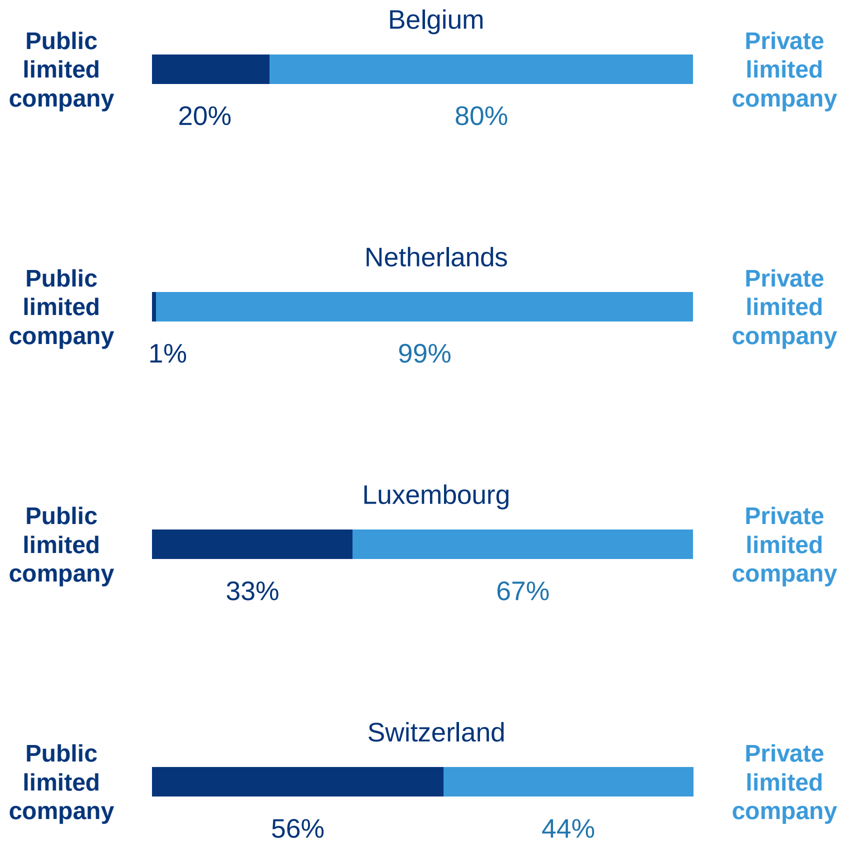
	Belgium	Netherlands	Luxembourg	Switzerland
General				
Taxation royalty income	General rates	General rates	General rates	General rates
Determination intragroup royalties and licensing margins	Arm's length principle, economic analysis, transfer pricing report	Arm's length principle, economic analysis, transfer pricing report	Arm's length principle, economic analysis, transfer pricing report	Arm's length principle, economic analysis, transfer pricing report
Amortisation acquired IP	Straight line (linear) amortisation at acquisition value, minimum term of 5 years	Amortisation to residual value over economic lifespan, for a maximum of 20% per book year	Amortisation for tax purposes should follow from the commercial accounts	Amortisation of 40% (reducing-balance on tax book value) / 20% (straight line on acquisition value) for federal CIT (rules in cantons may vary for cantonal/communal CIT)
Credit foreign royalty withholding tax	Specific credit (unilateral)	Ordinary credit (from tax treaty jurisdiction or developing country)	Ordinary credit (from tax treaty jurisdiction or country with comparable CIT)	Ordinary credit (from tax treaty jurisdiction)
Incentives				
IP regimes	85% tax base reduction	72% tax base reduction as from 1 January 2018 (80% tax base reduction in prior years)	80% tax base reduction of qualifying net income	Only in the canton of Nidwalden, under which the cantonal tax rate of 6% is reduced to 1.2%
Qualifying intangibles	Intangibles originating from approved R&D projects protected by patents, breeders rights, supplementary protection certificates, an orphan drug designation, data and/or market exclusivity or software with copyright	Self-developed or acquired but self-improved intangibles which have been developed under Dutch R&D-statements. For non-SMEs, additional legal rights are required (such as patents, breeder rights, software, utility models)	Old regime (grandfathered): Software copyright, patent, trademark or tradename, domain name, design or model. New regime: patent, utility model, software, plant variety certificates, some pharmaceutical / medicine-related intangibles	Patents and similar rights (e.g. patents for orphan drugs etc.), possibly software
Qualifying income	(Embedded) royalties, process innovation income, compensation for damages due to IP infringement and capital gains allocable to qualifying intangibles	Royalties (and gains) or business income allocable to qualifying intangibles. If a substantial part of the R&D activities is being outsourced to group entities, a limitation on qualifying income applies ('nexus approach')	Royalties (and gains) or business income allocable to qualifying intangibles (including indemnities obtained in judicial or arbitration proceedings concerning a qualifying asset)	Royalties and sales income allocable to qualifying intangibles
Developments	Conditionally, a grandfathering rule allows to further apply the former regime (80% tax base reduction) until 30 June 2021	Amended regime in force as of 1 January 2017. Grandfathering rules apply until the financial year that ends before 1 July 2021 at the latest	Old regime abolished as of 1 July 2016 (5-year grandfathering). New regime adopted and to apply as from tax year 2018	Patent box to be introduced (expected 2020) based on the OECD modified nexus approach, including super-deduction of R&D expenses
Other CIT incentives	Extra investment deduction of 13.5% (one-time) or 20.5% (spread) can be claimed for certain acquired or self-developed fixed assets and intangibles. Exemption of CIT for certain regional subsidies for R&D	No	No	No
Wage tax incentives	80% wage withholding tax exemption for scientific researchers (40% for scientific research personnel holding a qualifying bachelor degree)	Variable wage tax credit for (i) employment costs and (ii) other costs and expenditures directly attributable to R&D projects as approved/listed on Dutch R&D statements	No	No
Taxation for non-resident corporate licensors				
Royalty withholding tax	27%, exemption for group entities that qualify under EU IRD or treaty relief in many other cross-border situations	No	No	No



3.

Choose your legal form

Legal forms of doing business



Source: Publicly available statistics

There are two basic ways in which MNE may carry out business in the BeNeLux or Switzerland, either through a resident company or a branch. The question 'which form should be used?' must be answered on a case-by-case basis.

1. The private limited company is by far the most widely used legal form to do business in the BeNeLux, where public limited companies are mainly used for listings at a stock exchange and/or for larger companies. In Switzerland, however, the public limited company is more commonly used for MNE structures. Alternatively, for example, businesses and their investors may consider the use of a limited partnership with the benefit of contractual freedom and less legal boundaries, albeit with more extensive liability.

2. A foreign legal entity could do business in the BeNeLux and Switzerland by means of a branch (or its effective place of management) as well. A branch may have the benefit of lighter compliance obligations in the respective jurisdictions. From a tax perspective, there may be differences between the use of a legal entity or a branch depending on the case at hand.

Hereafter we compare the main characteristics of the private and public limited companies in the various jurisdictions.

** It should be noted that the Belgian government is currently working on the amendment and recodification of Belgian company law which will have a significant impact on the existing legal system and may alter a number of the characteristics set out below. Effective date of the reform is expected to be 1 January 2019 for new companies and 1 January 2020 for existing companies.*

Incorporation & liability

	Belgium		Netherlands		Luxembourg		Switzerland	
	BVBA	NV	BV	NV	Sarl	SA	GmbH, Sarl, Sagl	AG, SA , SA
Incorporation								
Legal personality	Yes		Yes		Yes		Yes	
Procedure	Execution notarial deed		Execution notarial deed		Execution notarial deed		Execution notarial deed	
Shareholders	At least one shareholder	At least two shareholders	At least one shareholder		At least one shareholder		At least one quota holder	At least one shareholder
Objects	Various		Various		Various		Various	
(Governmental) approval	Business licence required for the exercise of certain operational activities in Belgium (not applicable to holding companies)		No		Business licence required for the exercise of certain operational activities in Luxembourg (not applicable to holding companies)		No	
Registration	Belgian Crossroads Database of Enterprises		Dutch trade register		Luxembourg Register of Commerce and Companies		Commercial register of the canton where the company has its seat	
Registered office	Anywhere in Belgium (NB - region dictates the official language of the company: Dutch, French or German)		Anywhere		Anywhere in Luxembourg		Anywhere in Switzerland	
Business plan	Yes (covering the first two years)		No		No		No	
Liability								
Shareholder	Limited to contribution		Limited to contribution		Limited to contribution		Limited to contribution	

Governance & public disclosure of non-listed MNE

	Belgium		Netherlands		Luxembourg		Switzerland	
	BVBA	NV	BV	NV	Sarl	SA	GmbH, Sarl, Sagl	AG, SA , SA
Governance								
Corporate bodies	Manager(s) or management board, shareholders meeting, statutory auditor (with exemptions)	Board of directors, managing director (optional), management committee (optional), statutory auditor (with exemptions), shareholders meeting	Management board, supervisory board (optional but mandatory for non-SME companies), shareholders meeting One-tier and two-tier board structure possible		Manager(s) or management board, shareholders meeting	Board of directors and or management board with supervisory auditor(s), shareholders meeting	Quota holders meeting, board of managing directors, external auditors (exemption for some cases)	Shareholders meeting, board of directors, external auditors (exemption for some cases)
Board composition	One or more managers (two or more can act as a board if provided in the articles)	At least three directors (two if only two shareholders)	At least one director (at least two directors in case of one-tier board)		A least one manager	At least one director if only one shareholder. In case of more shareholders, at least three directors.	At least one managing director	At least one director
Board meetings	Anywhere		Anywhere		Anywhere		Anywhere	
Director requirements / limitations	Certain personal incompatibilities. If a legal person is appointed as board member, it must designate a natural person to exercise that duty		Limitations on number of positions possible for non-SME companies		Certain personal incompatibilities	Certain personal incompatibilities. If a legal person is appointed as board member, it must designate a natural person to exercise that duty	Only natural persons may be elected as board members. The board may consist of one or several members, all of which need not to be Swiss citizens or shareholders of the company	
Public disclosure								
Directors	Yes (if individual: name and private address; if legal entity: corporate details + personal details permanent representative)		Yes (if individual: name and birth details; if legal entity: corporate details)		Yes (if individual: name, birth details and private address; if legal entity: corporate details)		Yes (if Swiss: name, city, place of origin; if foreigner: nationality)	
Shareholders	No, with some limited exceptions including in case shares have not been fully paid-up		Only in case of sole shareholder (if individual: name and birth details; if legal entity: corporate details)		Yes	Only at the time of subscription	Yes	No
Beneficial owners (NB - EU Member States should have publicly accessible UBO-registers as of 25 June 2017)	Not yet in force		Not yet in force		Not yet in force		No	

Capital & fund raising

	Belgium		Netherlands		Luxembourg		Switzerland	
	BVBA	NV	BV	NV	Sarl	SA	GmbH, Sarl, Sagl	AG, SA , SA
Capital / fund raising								
Minimum capital requirements	€18,550	€61,500	N/A	€45,000	€12,000	€30,000	CHF20,000	CHF100,000
Contributions	In cash (with bank statement) or in kind (with auditor report)		In cash or in kind	In cash (with bank statement) or in kind (with auditor report)	In cash (with bank statement) or in kind (with manager certificate).	In cash (with bank statement) or in kind (with auditor report)	In cash or in kind (with auditor report)	
Financial assistance limitations	No	Yes	No	Yes	No	Yes	Yes	Yes
Denomination share capital	Euro (other currencies possible under specific circumstances and after governmental approval)		Any currency	Euro	Any currency		CHF	
Bond issuance	Yes, but no convertible bonds	Yes	Yes	Yes	Yes	Yes	No	Yes
Shares								
Issuance	By notarial deed: (i) shareholder(s) meeting in front of a notary or (ii) in case of authorised share capital, by a management body resolution, to be recorded in front of the notary		By notarial deed		By notarial deed: (i) shareholder(s) meeting in front of a notary or (ii) in case of authorised share capital, by a management body resolution, to be recorded within one month in front of the notary		Quota holders resolution in front of public notary	Shareholders resolution in front of public notary
Transfer	By private deed. Legal transfer restrictions apply	By private deed. Freely transferrable	By notarial deed. Freely transferable but articles may provide for transfer restrictions		By private deed. Restrictions apply to transfer to non-shareholder	By private deed. Freely transferrable	By private deed. Freely transferrable	
Classes, types	Different classes possible (including non-voting), but economic rights must always be equal	Different classes possible (including preference, non-voting and special voting)	Different classes possible (including preference, non/limited-profit or non/limited-voting)	Different classes possible (including preference, limited-profit or special voting)	Different classes possible (including preference, special profit), but one-share-one-vote principle	Different classes possible (including preference, special profit or special voting)	Different classes possible (including preference and special voting)	Different classes possible (including preference, non-voting and special voting)
Share listing	No	Yes	No	Yes	No	Yes	No	Yes

Financial reporting & restructuring

	Belgium		Netherlands		Luxembourg		Switzerland	
	BVBA	NV	BV	NV	Sarl	SA	GmbH, Sarl, Sagl	AG, SA , SA
Financial reporting								
Documentation	Annual accounts (financial statements, profit and loss and notes) and management report (if certain thresholds are exceeded)		Annual accounts (financial statements, profit and loss and notes) and management report		Annual accounts (financial statements, profit and loss and notes) and management report (if external auditor is required)	Annual accounts (balance, profit and loss and notes), management report	Annual accounts (financial statements, profit and loss and notes) and management report	
Audit	Only if at least two of following criteria are met during two consecutive years: (i) asset value of >€4.5m (ii) net turnover of >€9m and (iii) ≥50 employees on average		Only if at least two of following criteria are met during two consecutive years: (i) asset value of >€6m, (ii) net turnover of >€12m and (iii) ≥50 employees on average		By statutory auditor only if >60 shareholders Audit by external auditor required if at least two of the following criteria are met during two consecutive years: (i) assets value of >€4.4m, (ii) net turnover of >€8.8m and (iii) ≥50 employees on average	By statutory auditor	External audit if at least two of the following criteria are met during two consecutive years: (i) a balance sheet total of ≥CHF20m, (ii) sales revenue of ≥CHF40m, (iii) ≥250 FTEs on annual average If the requirements for an ordinary audit are not met, a limited audit must take place	
Public reporting	Belgian Crossroads Database of Enterprises; Belgian National Bank		Dutch trade register		Luxembourg Register of Commerce and Companies		No, except for companies with share listings or outstanding debentures	
Restructuring								
Conversion	National and cross border in EU		National and cross-border in EU		National and cross-border		National and cross-border	
Merger / demerger	National and cross-border in EU (demerger only national)		National and cross-border in EU		National and cross-border		National and cross-border	

4.

Hiring employees

Legal aspects

TOP 25 - United Nations Human Development Index 2016

1	Norway
2	Australia
3	**Switzerland**
4	Germany
5	Denmark
6	Singapore
7	**Netherlands**
8	Ireland
9	Iceland
10	Canada
11	United States
12	Hong Kong
13	New Zealand
14	Sweden
15	Liechtenstein
16	United Kingdom
17	Japan
18	Republic of Korea
19	Israel
20	**Luxembourg**
21	France
22	**Belgium**
23	Finland
24	Austria
25	Slovenia
of 188 countries in total	

"A happy employee,
is a productive employee"

Source: Human Development Report - United Nations - 2016

In the Human Development Index 2016 of the United Nations which focusses on the richness of human lives, our home markets rank 3rd (Switzerland), 7th (the Netherlands), 20th (Luxembourg) and 22st (Belgium). The BeNeLux and Switzerland are certainly a great place to live, thus a great place to work!

When setting up a business location in the BeNeLux or Switzerland, MNE may consider to hire employees locally or to transfer foreign employees on an open-ended or secondment basis. In any way, attention should be paid to several aspects in the field of employment law and employment related taxes.

An **employment contract** is usually governed by the law of the country of residence of the employer and employee. If an employee is seconded to work in another country, such contract may become partly governed by the laws of the receiving country. The duration of the secondment is an important factor.

Within the EU, **social security** is directed by an EU directive, based on which an employee is in principal subject to the social security system of one state exclusively. A person who is employed in one EU Member State and temporarily seconded to another, may remain subject to the social security legislation of the first Member State, provided certain conditions are met. Due to bilateral agreements between Switzerland and the EU, the above applies mutatis mutandis to the situation where an EU citizen is seconded to Switzerland or vice versa.

Hereafter, a selection of employment related aspects is compared for the BeNeLux and Switzerland, including employment taxes, social security contributions, expat regimes and permits.

Wage taxes, social security & expat regimes

	Belgium	Netherlands	Luxembourg	Switzerland
Wage tax and social security contributions				
Rates	• €0 - €12,990 -> 25% • €12,991 - €22,290 -> 30% • €22,291 - €39,660 -> 40% • €39,661 and more -> 50% Further increased with municipal taxes, varying per municipality	• €0 - €20,142 -> 8.90% • €20,143 - €33,994 -> 13.20% • €33,995 - €68,507 -> 40.85% • €68,508 and more -> 51,95%	From 0 to 45.78%	Personal income tax on federal, cantonal and communal level, depending on canton/ community where domiciled, at progressive rates. For example: • €150,000: 16.4% (Zug) to 28.7% (Vaud) • €300,000: 20.3% (Zug) to 37.7% (Vaud) • Max: 22.86% (Zug) to 44.75% (Geneva)
Tax basis	Worldwide income (in principle)	Worldwide income (in principle)	Worldwide income (in principle)	Worldwide income (in principle)
Double tax relief	Exemptions and credits	Exemptions and credits	Exemptions and credits	Exemption
Social security contributions employee	13.07%	27.65%	12.45%	Mandatory social security (including accident insurance, excluding occupational pension plan): 6.3% to 7%
Social security contributions employer	Approx. 32%	Approx. 18.96% (combined rates for employee insurances and health insurances)	Ranging from 12.52% to 15.01%	Mandatory social security (incl. accident insurance and family allowance, excluding occupational pension plan): 7.3% to 12%
Maximum social security basis	Uncapped	€33,994 (employees), €54,614 (employers)	€119,915	Uncapped (mandatory social security and family allowance), depending on pension plan
Expat regimes				
Tax treatment	Special tax status for expats offers a wide range of tax (and social security) exemptions. Tax free allowances up to €11,250 per year (or €29,750 in some cases). Additionally, income relating to foreign business trips and certain reimbursements are tax exempt	A "30% ruling" may enable the employer to pay 30% of the gross remuneration as a tax free allowance for a period of up to 8 years. An employee with a 30% ruling may opt to be treated as non-resident taxpayer for the personal income tax, limiting taxation on net wealth and substantial shareholdings	Expats may benefit from an exclusion of certain qualifying expenses and allowances from taxable employment income	Expat allowance for senior executives and professionals with special qualifications. Special deductions e.g. for moving or living costs, provided that the expat's foreign residence is permanently maintained for personal use (no subletting). Actual costs or lump-sum deduction of CHF1,500 (federal), cantonal deductions vary

Other personal tax aspects & permits

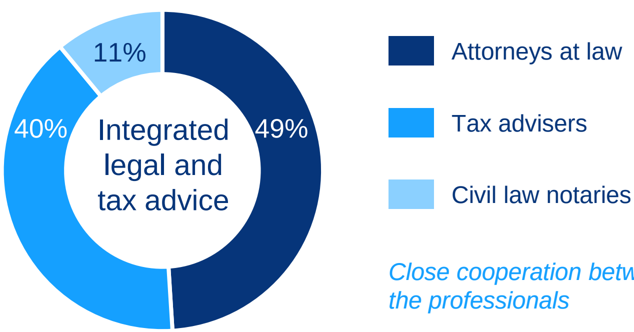
	Belgium	Netherlands	Luxembourg	Switzerland
Other personal tax aspects				
Deduction mortgage expenses for personal income tax	Yes (conditionally, region dependent)	Yes	Yes	Yes
Deduction costs of education for personal income tax	No	Yes	Only under Luxembourg expat regime	Capped deduction for education costs (CHF 12,000 federal; cantonal deductions vary)
Taxation substantial shareholdings individuals	Dividend income from any shareholding is taxed at 27%. Capital gains are only taxed at 16.5% in case a substantial shareholding (more than 25%) is sold to a non EU/EEA company. Alternatively, a 33% rate may apply on gains realised outside 'regular private wealth management' or on speculative gains on listed shares	Dividend income and capital gains from a substantial shareholding (5% or more) are taxed at 25%	To dividend income and capital gains from a substantial shareholding (more than 10%) a conditional exemption of 50% applies, resulting in an effective personal income tax rate of max. 22.89%.	Non-business assets: Dividend income from substantial shareholdings (10% or more) are taxed at 60%; capital gains in principle tax free. Cantonal relief varies. Business assets: Dividend income and capital gains from substantial shareholdings (10% or more) are taxed at 50%. Cantonal relief varies
Net wealth tax individuals	No	30% on a progressive notional return of 0.36-5.38% on the fair value of net 'savings and portfolio investments'	No	Cantonal levy only. Maximum rates of 0.098% (Schwyz, lowest) up to 0.955% (Geneva, highest) on net asset value
Real estate transfer tax	Registration duties on the transfer of real estate (including lease) at rates ranging from 0.2% to 12.5% depending on the nature of the transfer and/or the region	2% (residential real estate / own house)	6% (main rate) plus a 1% transcription tax. An additional charge of 3% for Luxembourg municipality is applicable	Depending on canton 1-3%. Additionally, land registry and notary fees upon sale might apply
Permits				
Residence permits	Required for all foreign nationals, except those from other EU/EEA Member States or Switzerland (including family members) who wish to reside in Belgium for a period exceeding three months (90 days)	Required for all foreign nationals, except those from other EU/EEA Member States or Switzerland (including family members) who wish to reside in the Netherlands for a period exceeding three months (90 days)	Required for all foreign nationals, except those from other EU/EEA Member States or Switzerland (including family members) who wish to reside in Luxembourg for a period exceeding three months (90 days)	Required for all foreign nationals. EU/EEA nationals can apply for a residence permit if a valid employment contract is entered into. A residence permit will be issued depending on the duration of employment. Employment for less than 3 months does not require a residence permit (only notification)
Work permits	Required for all foreign nationals, except those from other EU/EEA Member States or Switzerland who wish to perform (employment) activities in Belgium. Exceptions apply for certain professions	Required for all foreign nationals, except those from other EU/EEA Member States or Switzerland who wish to perform (employment) activities in the Netherlands	Required for all foreign nationals, except those from other EU/EEA Member States or Switzerland who wish to perform (employment) activities in Luxembourg	Required for all foreign nationals, except for EU/EEA nationals, who only need a residence permit

Loyens & Loeff - Overview & Contact Details

Full fledged law firm

Main focus areas:

- International Corporate Tax
- Corporate / M&A
- Banking & Finance
- Real Estate
- FOB / Private Wealth Practice
- Investment Management



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