

Belgium Proposes New Annual Securities Account Tax

The new tax is due on securities accounts held through an intermediary by resident and non-resident individuals, as well as companies and legal entities of which the average value of the taxable financial instruments (excluding nominative securities) exceeds EUR 1 million.

The tax will have the form of a subscription tax but will not be levied on the holder of the account.

All securities held on the securities account are targeted (shares, bonds, participations in investment funds and investment companies), but also derived products (such as index trackers, turbos and real estate certificates) and foreign securities accounts. Securities accounts held by financial undertakings, such as credit institutions, insurance companies, investment companies, brokerage firms and pension funds or collective investment undertakings are exempt because they hold these securities accounts for their own professional activity. Also, nominative shares are excluded.

The reference period is a subsequent period of 12 months starting on 1 October of a tax year and ending on 30 September of the subsequent year or any earlier date when the account is closed, or the moment when the account holder becomes a resident of tax treaty country and the tax treaty allocates the taxing rights on the income to that other country. The average value is calculated by taking the average of the securities account values on 31 December, 31 March, 30 June and 30 September.

The rate is set at 0.15%, limited to 10% of the difference between the taxable base and EUR 1 million (for the purpose of mitigating the effects of the tax if the average value exceeded the EUR 1 million threshold).

The tax is due on the first day after the reference period and the intermediaries must withhold, declare and pay the tax. The tax must be declared on the 20th day of the third month following the reference period, i.e. generally 20 December. The tax must be paid on the same day.

In case the account holder declares the tax, the tax is due by 31 August of the year following the reference period. Account holders can file the tax electronically or by paper form.

In case of non-declaration, late, inaccurate or incomplete declaration, as well as non-payment or late payment, a penalty varying from 10% to 200% of the tax due can be imposed.

In case account holders do not submit requested information, a penalty varying from EUR 750 to EUR 1,250 can be imposed.

Please note also that there is an “anti-avoidance rule” with regard to operations effectuated as from 30/10/2020.

We will inform you as soon as the publication of this new law in the Belgian official gazette is made.

Brussels, 11th of January 2021.