



FIVE STEPS TO START YOUR BUSINESS IN BRUSSELS

LEGAL ASPECTS AND WHICH STRATEGY
TO ADOPT FOR A VIETNAMESE INVESTOR

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1. Activities in Brussels with Vietnamese company?
2. Easy is to set up a Belgian company?
3. Hiring Belgian /transferring Vietnamese team? Cost reduction?
4. Business going forward: Belgian tax incentives?
5. Return on investment?





1. OFFICE OF A VIETNAMESE COMPANY IN BRUSSELS

LIGHT OPTION

REPRESENTATIVE OFFICE IN BRUSSELS

Who?

Small company - without client in Europe

How?

- Rent a small office
- Hire Belgian team
- Transfer of Vietnamese manager

Why?

Market Vietnamese products

Impact ?

- Vietnamese revenues on sales in Europe
- Corporate Income Tax (« CIT »)?

BUT, OECD guidelines

- Marketing: revenues taxed in Vietnam
- Sales: revenues taxed in Belgium ('Permanent Establishment' issue)

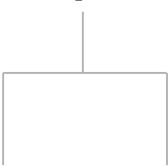




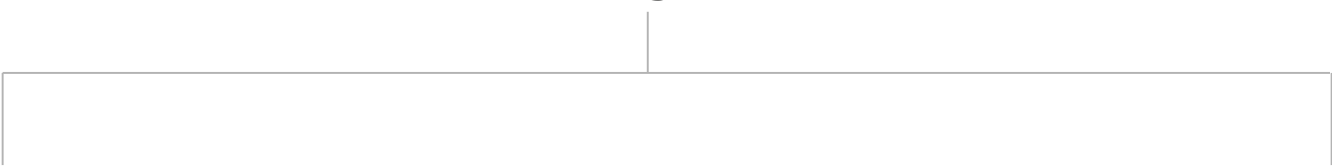
2. CREATING A BELGIAN COMPANY

INCORPORATION PROCESS – PUBLIC NOTARY

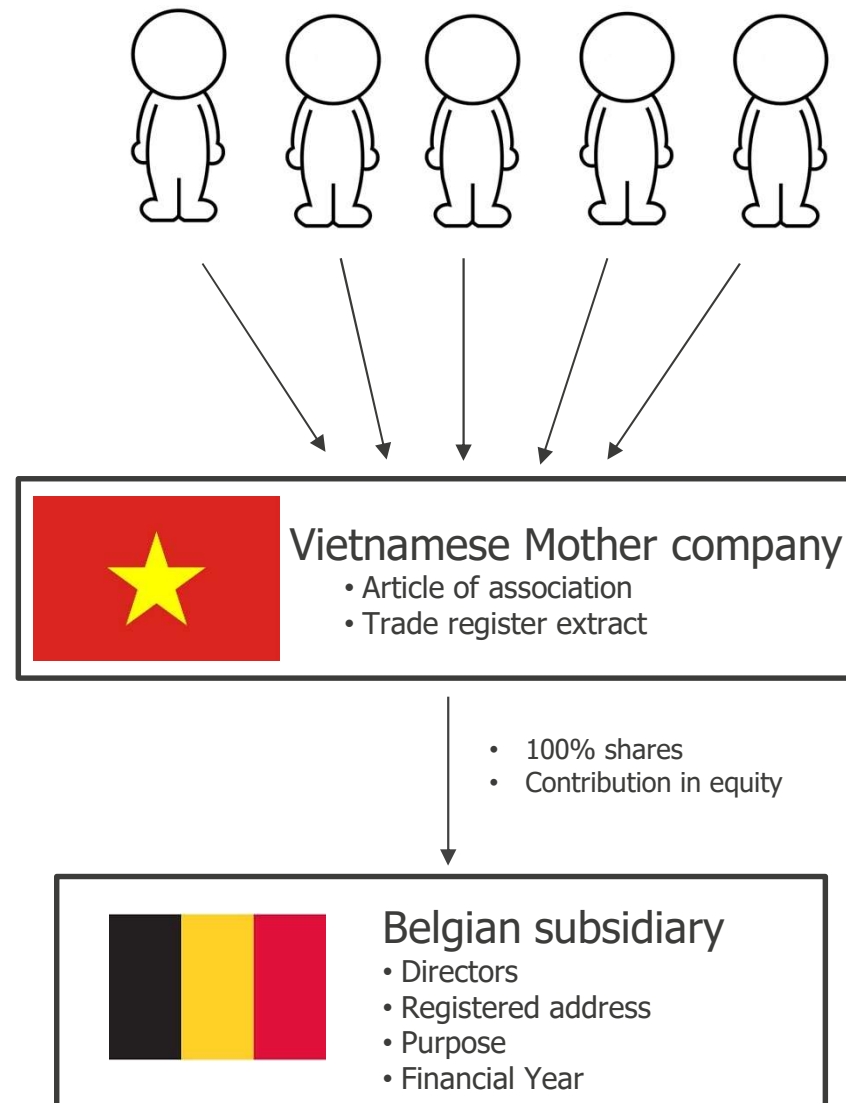
To be provided



In Belgium



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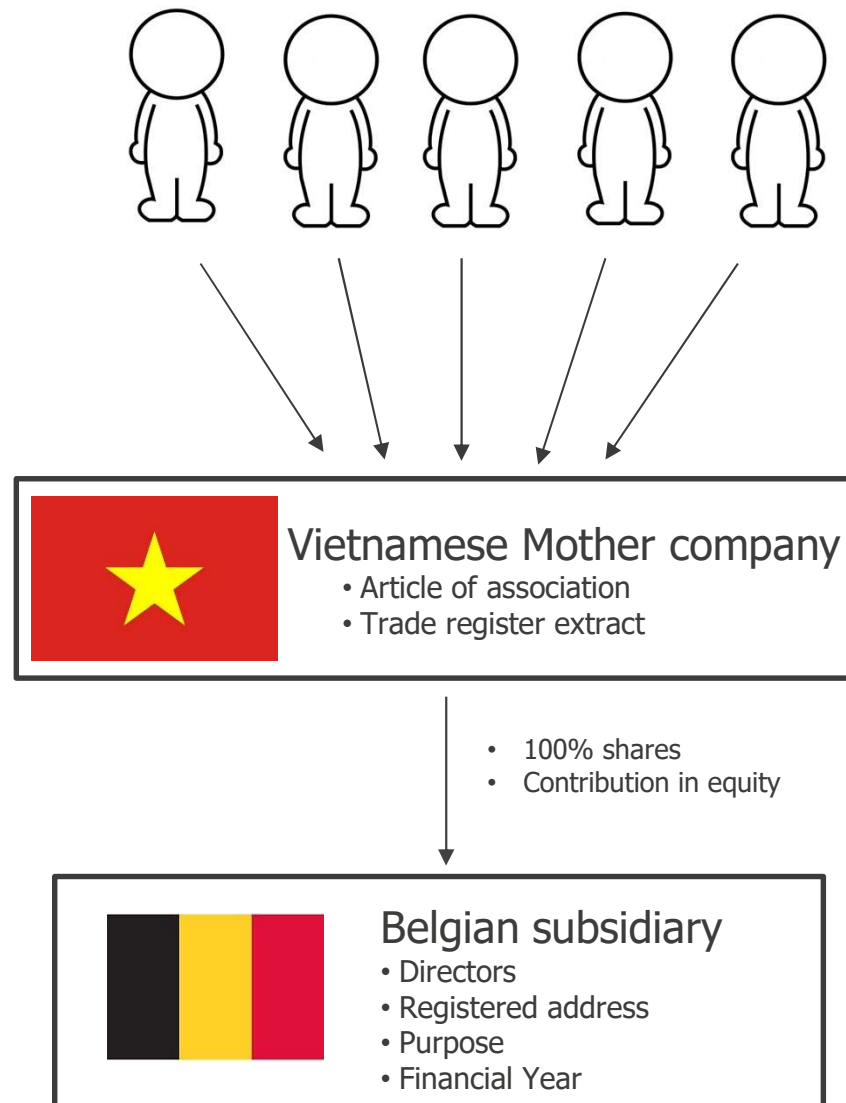


CONTRIBUTION IN EQUITY

- Amount depends on the form
- Public LLC (« Big size ») : 61.500 EUR (approx 1.500 Million Dong)
- Private LLC (form commonly use): no minimum
- Justified by appropriate Financial Plan

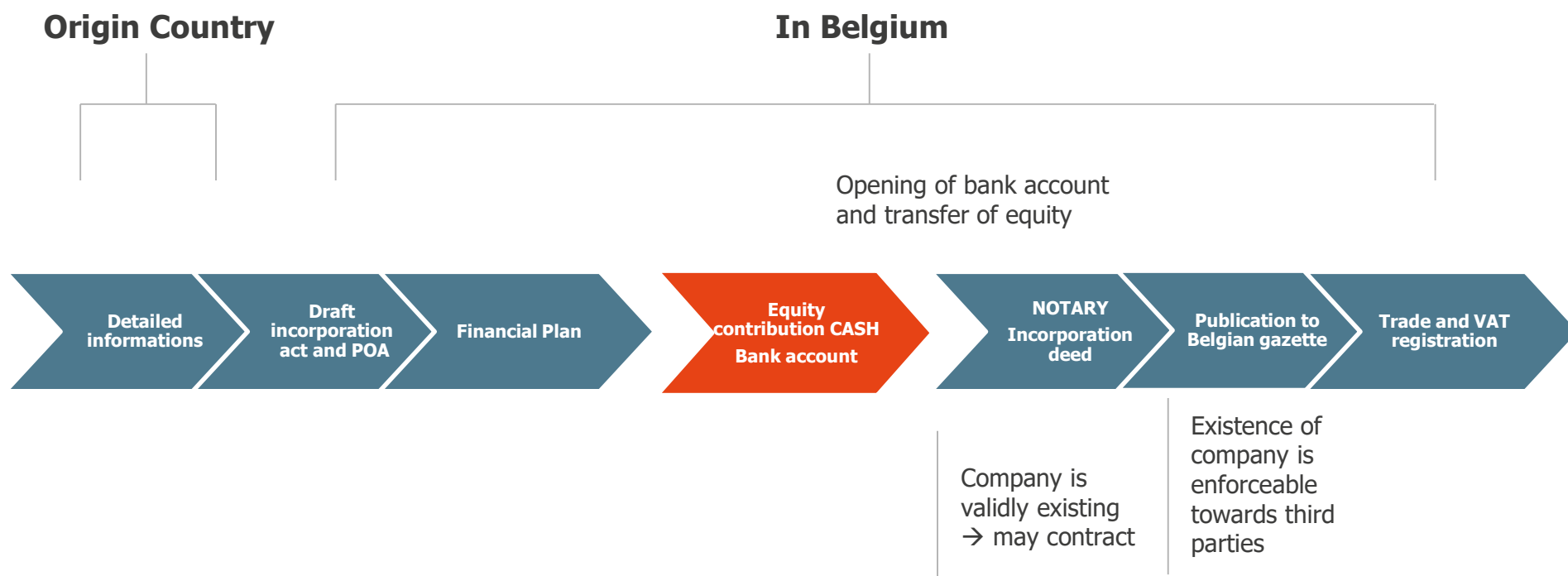
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INCORPORATION PROCESS - COMPANY

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3. DEVELOP THE BUSINESS LOCALLY: HAVING A TEAM

MAIN FOCUS

- Payroll services provider
- No obligation to hire local director or local employee
- Working permit for non-EU team members
- Incentives related to HR:
 - R&D searchers : 80% payroll tax exemption (1)
 - Lower social contribution (2)
 - Special tax regime for impatriates for non Belgian team members (3)

HIRING EMPLOYEES

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(1) PAYROLL TAX EXEMPTION FOR R&D EMPLOYEES

How does it work?

- Costs reduction : $\text{INDIVIDUAL TAX} \times 80\%$

Who can benefit?

- Benefit for the employer creating jobs in R&D

Conditions

- Special reporting obligation
- The employee is a researcher with a specific degree (University or Bachelor).



HIRING EMPLOYEES

(1) PAYROLL TAX EXEMPTION FOR R&D

EXAMPLE:

YEARLY GROSS SALARY	60.000
Payroll tax	20.000 <ul style="list-style-type: none">• 4.000: Belgian treasury – 20%• 16.000: Preserved by the employer - 80%
Net salary	40.000
Payroll tax paid to authorities	4.000
Total cost at employer	44.000
Saving	16.000 – 27%

HIRING EMPLOYEES

(2) LOWER SOCIAL SECURITY CONTRIBUTIONS

Benefits for Employer

- For the 1st recruitment : no social security (up to € 4000/quarter) for an unlimited period
- From the 2nd to the 6th recruitment : partial exemption

HIRING EMPLOYEES

(3) SPECIAL TAX REGIME FOR IMPATRIATES

Who ?

Employees who perform a activity in Belgium

- Hired directly from abroad

OR

- Assigned by a foreign company, part of a multinational group

Who ?

- Tax-free expatriate allowance
- One-off reimbursement of employee costs



4. BUSINESS GOING FORWARD: IN A NUTSHELL

MAIN FOCUS

- Focus on your business/develop European market
- Consumption tax (VAT) returns: to be submitted on a quarterly/monthly basis
- Financial Statements, CIT returns, AGM, ... Once a year (for all companies)
- Tax incentives to be optimised :
 - R&D tax credit (4)
 - Innovative Income Deduction (5)

INNOVATIVE INCOME DEDUCTION

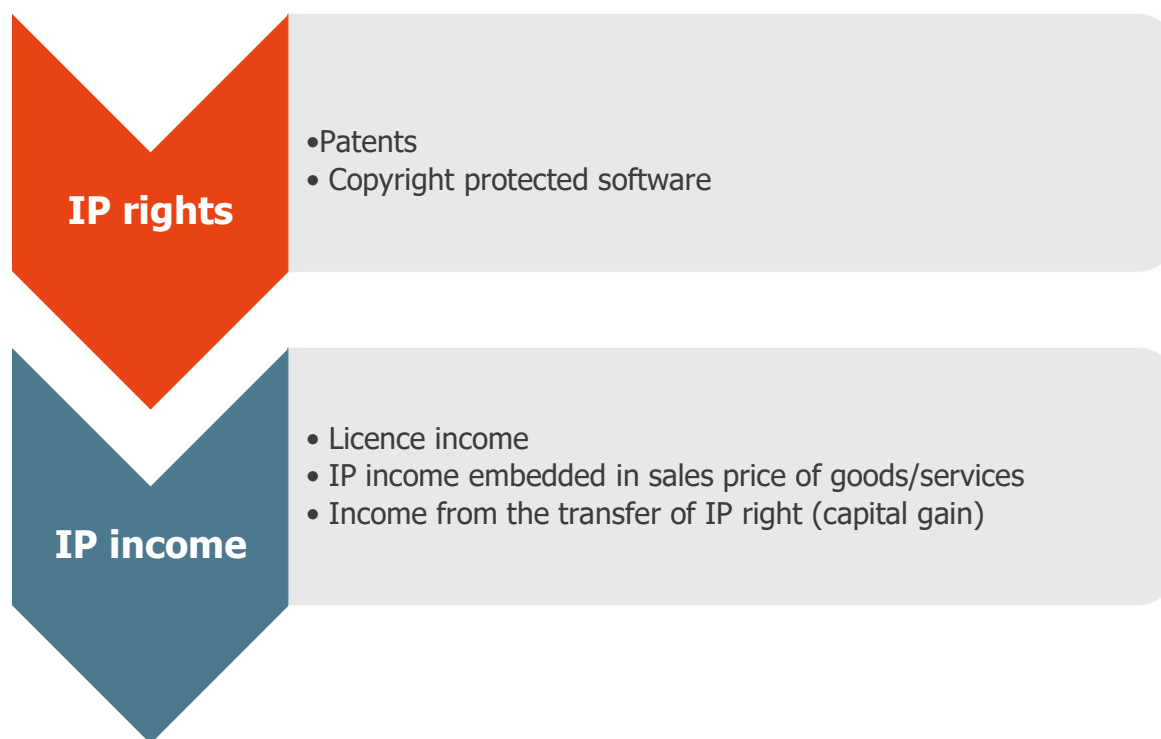
4. INNOVATION INCOME DEDUCTION

- Deduction of 85% of the net income derived from qualifying IP assets.
- The net income in gross amount of the innovation income decrease by R&D costs
- Net income x 85%
- Limited if necessary by a ratio (**Nexus ratio**) = a substance test
 - R&D costs paid to a related company
 - Costs incurred for the acquisition of an IP right



INNOVATIVE INCOME DEDUCTION

4. INNOVATION INCOME DEDUCTION



INCENTIVES IN BELGIUM

4. INNOVATION INCOME DEDUCTION

EXAMPLE: IP right fully developed internally

	YEAR 1	YEAR 2
Gross IP income	1.200.000	1.500.000
R&D Costs	<u>500.000</u>	-
Net IP income	700.000	1.500.000
Recap costs prev years	-	-
Available for IID	700.000	1.500.000
Deduction of 85%	<u>(595.000)</u>	<u>(1.275.000)</u>
Tax Basis	105.000	225.000
Tax rate	25%	25%
Tax burden	26.250	56.250
Effective tax rate	3,75%	3,75%



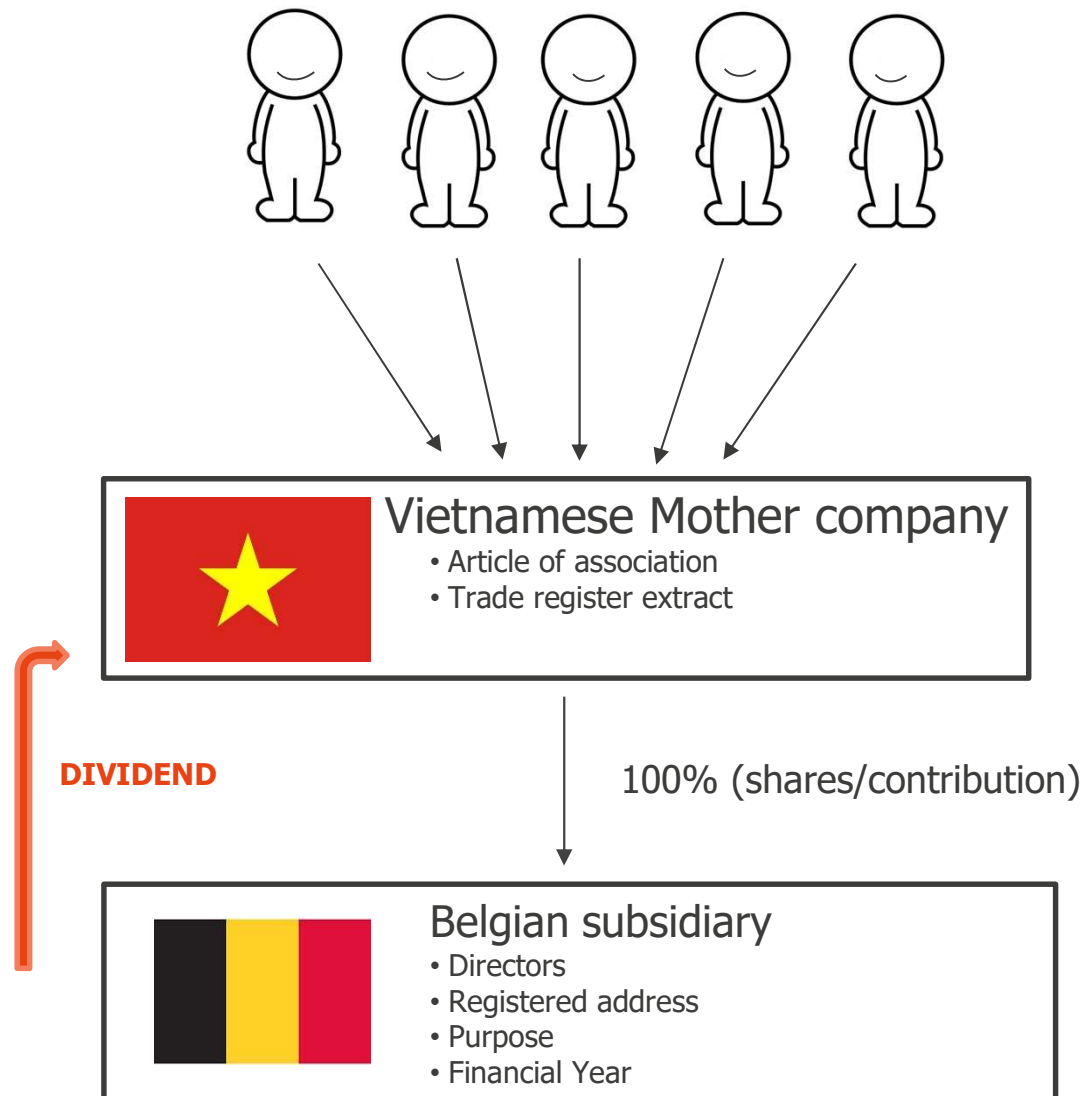
5. SHAREHOLDER'S REWARD: DISTRIBUTION OF DIVIDEND

END OF THE YEAR: DIVIDEND DISTRIBUTION

- High flexibility on interim dividend
- No limitation to the amount of cash to be repatriate
- No withholding tax if distributed to a Taiwanese mother company
- Net asset test and Liquidity test

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A REGIONAL APPROACH WITHIN A GLOBAL FRAMEWORK

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37 Offices / 21 Countries



Americas

- Cayman Islands
- United States:
 - Austin, TX
 - Boston, MA
 - Chicago, IL
 - Darien, CT
 - Indianapolis, IN
 - Los Angeles, CA
 - New York, NY
 - Ogden, UT
 - Salt Lake City, UT

Europe

- Belgium
- Cyprus
- France
- Germany
- Guernsey
- Ireland:
 - Cork
 - Dublin
- Italy
- Jersey
- Lithuania
- Luxembourg
- Malta
- Spain:
 - Barcelona
 - Madrid
- The Netherlands
- United Kingdom

Asia Pacific

- Australia:
 - Melbourne
 - Sydney
- Greater China:
 - Beijing
 - Chengdu
 - Guangzhou
 - Hong Kong
 - Nanjing
 - Shanghai
- Japan
- Mauritius
- Singapore



QUESTIONS / ANSWERS

YOUR KEY CONTACTS

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