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Laga Newsflash

Budget Agreement 2018 – Impact for High Net Worth Individuals and Families

As you may have read in the press, the so-called Summer Agreement reached by the Federal Government last week, includes a number of tax measures potentially impacting high net worth individuals and families. Please find below an overview of these measures. For the measures put forward by the Corporate Tax Reform Agreement, reference is made to [Deloitte's Tax Reforms Hub](#).

Introduction of a new subscription tax on securities accounts

A new (annual) subscription tax (*abonnementstaks / taxe d'abonnement*) would be introduced on securities accounts. The securities hit by the tax would be limited to "shares, bonds and funds". Pension savings and life insurances would remain exempt. The tax would be due at the rate of 0.15% provided the average amount on the securities account amounts to EUR 500,000 or more. The new tax would apply to all (Belgian and foreign) securities accounts held by resident individuals. The tax would not be due on securities accounts held by legal entities.

Withholding tax on capital reductions

Capital reductions would become subject to withholding tax (at the default rate of 30%) in proportion to the share of the taxed reserves in the paid-up capital increased by the taxed reserves. The portion of the capital reduction deemed resulting from paid-up capital would remain untaxed. Unless the shareholder can benefit from a dividend withholding tax exemption this measure will lead to withholding taxes becoming due on certain capital reductions.

Broadening of the withholding tax on capital gains

Currently, Belgian individuals are subject to a 30% withholding tax with respect to capital gains realised on collective investment institutions investing at least 25% in debt bonds. The budget agreement provides for the abolishment of the 25% threshold

Stock Exchange Tax

The stock exchange tax applicable when purchasing or selling stock or shares would increase from 0.27% to 0.35%. For bonds the stock exchange rate would increase from 0.09% to 0.12%. The maximum amount of the tax relating to bonds or similar financial instruments would remain EUR 1,300 per single transaction. The maximum amount of the tax relating to stock or shares would remain EUR 1,600 per single transaction.

Cayman Tax

The budget agreement announces the further strengthening of the Cayman Tax in order to close several loopholes.

Please note that the details of the measures discussed above might still be subject to change during the parliamentary process when the actual bill will be drafted. The measures mentioned above, will likely enter into force as of 1 January 2018. However, it cannot be excluded that some measures may enter into force at an earlier date in the second half of 2017.

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