



Laga Newsflash

Tax authorities paying closer attention to capital increases and decreases

As mentioned recently in the Belgian press, companies undergoing a capital decrease after an initial capital increase will be a focus point for the tax authorities in the next few year(s). In preparation for these future investigations, several cases were observed where local tax authorities asked questions related to capital increases. This is a centrally managed action.

However, the tax authorities' questions also refer to capital increases dating back to several years ago, which are outside of the legal assessment period. If responses are on a voluntary basis, these questions may lead to an extension of the statute of limitation, enabling the tax authorities to apply taxation which would otherwise be statute-barred.

Prudence is advised for taxpayers opting to respond to these types of questions.

Laga's Tax Controversy Team is readily available to provide assistance in determining the extent to which taxpayers are legally bound to respond to the tax authorities' questions and the possible consequences of any subsequent audit.

Annick Visschers, Advocaat-vennoot/Avocat associé, Tel: + 32 2 800 70 72, Email: avisschers@laga.be

Johan Speecke, Advocaat-vennoot/Avocat associé, Tel: + 32 56 43 41, Email: jspeecke@laga.be

Filip Smet, Avocaat/Avocat, Tel: + 32 2 800 70 64, Email: fsmet@laga.be



Laga
Gateway building
Luchthaven Brussel Nationaal 1J
1930 Zaventem
Belgium

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