

**Chandrawat
& Partners**



DOING BUSINESS IN BELGIUM

A COMPREHENSIVE GUIDE

enquiries@chandrawatpartners.com | www.chandrawatpartners.com

TABLE OF CONTENTS

Contents	Page no.
Introduction	2
Economic overview	3
FDI policy	4
Key sectors	6
Advantages of doing business	9
Types of business	11
Eligibility criteria for company registration	12
How to set up a business	13
Taxation	15
Accounting standards	17
Employment policies	19
● How we can help	21
●	

INTRODUCTION

Belgium is the beating heart of the European market and a major player in international trade. It offers a high quality of living, a diverse population and an open community. Strategically situated in Europe, Belgium is home to many European Union ("EU") institutions, North Atlantic Treaty Organization ("NATO") [RBI] and numerous multinational company headquarters, making it an extremely attractive place to invest.

Its international rail, air and shipping infrastructure make it one of the best locations for industry and logistics. Its private-enterprise economy offers proximity to numerous markets and cultures.

The country is characterized by educated, skilled human capital and linguistic diversity. It's the location of choice for many creativity-based centers of excellence. It's robust institutional framework, business-friendly policy stance, high-quality infrastructure network and geographical position at the heart of Europe justify its ranking.



ECONOMIC REVIEW



Belgium's growth rate in the world of business is the third best over the past 12 months, the Economist Intelligence Unit ("EIU") said on Thursday. The EIU is the research and analysis division of the British media group "the economist". Only Vietnam and Thailand made more progress than Belgium. The country is ahead of Sweden, India and Costa Rica.

EIU mentioned in its report that Belgium's progress reflects a more open policy towards Foreign Direct Investment ("FDI"), with a new federal mechanism that has put in place a clearer regulatory framework since January 2023. According to the Organization for Economic Cooperation and Development ("OECD"), economic growth is expected to strengthen slowly. This will be primarily due to an increase in private investment, underpinned by favorable financial conditions and export growth as there is stronger growth in Europe. Belgium's priority sectors for economic development include: biotechnology, the agri-food sector, environmental technology and the pharmaceutical sector.

The Belgian economy will continue to grow rather vigorously in the short term. Annual growth is expected to reach 1.4% in 2023. More sustained GDP growth will essentially require a more marked increase in productivity or greater labor market participation. According to the Eurosystem assumptions used for these projections, global growth is quite stable over the projection horizon. In annual terms, global economic growth (excluding the euro area) is projected to slightly exceed 3% this year and in the coming years.

The outlook for euro area export markets and Belgian export markets are, as usual, based on the profile of global trade, with the latter being a key component for Belgium's medium-term macroeconomic projections. The projection period's remaining Belgian export markets are anticipated to grow steadily, on average by 0.8% per quarter, based on the underlying assumptions.



FDI POLICY



The Belgian economy has traditionally been characterized by high foreign direct investment (FDI). According to the 2022 World Investment Report published by United Nations Conference on Trade and Development (“UNCTAD”), FDI inflows increased significantly to reach USD 25.5 billion in 2021 (from USD 11.9 billion one year earlier), despite volatility due to the COVID-19 pandemic.

Belgium's strategic geographic location at the confluence of the major European markets, the quality of its transport, logistics, and telecommunications infrastructure, its trade's focus on semi-processed and semi-finished goods, a multilingual and qualified labor force, and its high levels of purchasing power all contribute to the country's investment appeal. Projects have been drawn in by the infrastructure, labor force quality, and social stability. Belgium presently makes no differences between Belgian and foreign enterprises in terms of restrictions on foreign ownership or control.

The top manufacturing export industries in Belgium are chemicals and chemical products (CHM), food products (FOD) and basic metals (MET). Belgium has one of the highest services contents in its exports, which is correlated with service industries accounting for a high share of the total value added by foreign owned firms

Non-discriminatory approach: Foreign investors are subject to the same conditions as Belgian investors when obtaining licenses or building permits or applying for and receiving investment incentives. There is no screening, reviewing or approval processes specifically for foreign investment projects.

Open economy: The open economy of Belgium is largely dependent on global trade. With little limitations on fresh foreign investments, ongoing currency controls, or administrative controls on such assets, it has a liberal investment policy.

Government incentives: Investment incentives are offered at the regional level in addition to the federal government's budgetary measures. In general, both domestic and foreign investors can take advantage of all regional and federal advantages. Regulations from the EU set limits on Belgian investment incentive programs at all levels of government, keeping them consistent with those of the other EU members.

Notional Interest Deduction: When making investments from their own funds, businesses and Belgian branches of international corporations might lower their taxable base.

Domestic dividend withholding tax exemption: Corporate investors from treaty nations can repatriate European profits free of dividend withholding tax by using Belgium as their holding location for investments in Europe.

Patent Deduction: The maximum effective tax rate on gross patent revenue for Belgian corporations and Belgian branches of international companies is 80% of their tax base, which results in a 6.8% gross patent income tax rate.

Ecology Premium Plus: Businesses that invest in specific ecologically sound practices in Flanders may be eligible for ecological assistance in the form of an investment grant. This is applicable to businesses with a physical presence in Flanders whose primary activity falls within one of the recognized industries listed in the NACE code.

Strategic Transformation Support (STS): The regional government may provide financial assistance to businesses that undertake sizable commercial expenditures and training initiatives in the Flemish Region as part of a strategic transformation project. The support will be divided into basic assistance (for the transformation project) and bonus support (for the addition of new jobs).



KEY SECTORS OF BUSINESS



The core sectors of the Belgian industry are:

- The manufacture of furniture and repair and installation of machinery and equipment (5.9%)
- The manufacture of machinery and equipment (5.8%)
- The manufacture of rubber and plastic products (8.6%)
- The manufacture of basic metals and fabricated metal products (11%)
- The pharmaceutical industry (20.4%)
- The food and beverage industry (15.3%)
- The chemical industry (15%)



MANUFACTURING:

About one-sixth of the GDP is accounted for by the manufacturing sector. The main industry in the provinces of East Flanders, Limburg, and Hainaut is manufacturing. The main industries include metalworking, steel, textiles, chemicals, glass, paper, and food production.

One of the world's top producers of cobalt, radium, copper, zinc, and lead is Belgium. Crude oil is processed in refineries, which are mostly found in the Antwerp region. Another industry in Antwerp is the cutting and trading of diamonds. Additionally, Belgium is home to a number of significant producers of machine tools and specialty plastics



SERVICE SECTOR:

Service industries play an important role in the export orientation of an economy. Typically, services account for a large share of the value added in the economy but conventional gross trade statistics understate this as they cannot reveal the contribution that the upstream services industry plays in the production of goods exports.

Accounting for this contribution, the services content of Belgium's total exports of goods and services was 65% in 2014, significantly above the OECD median of 57%. Considering the services content of manufactured goods alone, nearly half of the total value of Belgium's manufacturing exports reflects services value added, significantly above the OECD average of 36%.





PHARMACEUTICALS:

Belgium is anticipated to account for a sizable portion of the European pharmaceutical market. Additionally, it is one of the nations in the European Union with the highest per-capita investments in pharmaceutical research and development. For instance, according to reports from November 2020, the European Union's largest investor in research and development (R&D) is the chemicals and pharmaceuticals sector in Belgium.

Prior to Germany, Sweden, and France, Belgium chemicals and pharmaceuticals are placed first with an R&D intensity of 17.7 percent (the ratio between R&D spending and added value). As a result, it is expected that the market would grow due to the development of novel pharmaceuticals brought about by Belgium's rising R&D expenditure.

FINANCIAL SECTOR:

The economic importance of the financial sector has increased significantly since the 1960s. Numerous Belgian and foreign banks operate in the country, particularly in Brussels. The National Bank, the central bank of Belgium, works to ensure national financial security, issues currency, and provides financial services to the federal government, the financial sector, and the public.

The European Central Bank is now responsible for the formulation of key aspects of monetary policy. Foreign investments in the energy, finance, and business-support sectors are of particular significance in 21st-century Belgium.



TYPES OF BUSINESS



Private limited company (BVBA/SPRL):

- Usually, this type of structure is used for small businesses, provided that a minimum share capital of 18,550 is paid up. The capital is divided into shares and at least 20% of each share must be paid up prior to incorporation. At least two shareholders are required for setting up this type of structure, regardless of their citizenship or residence. The liability of the shareholders is limited up to their contribution.
- An SPRL/BVBA is managed by the director/manager. Managers may be natural persons or corporations. A single permanent representative who is a natural person and a director, shareholder, or employee of the legal entity must be provided, nevertheless, if it is a legal entity. Managers may be Belgian or from another country.

Public limited company (NV/SA):

- The minimum share capital necessary for this type of company is 61,500 EUR, which can be paid up by at least two shareholders. The company can be formed by individuals or legal entities, no matter what residence or citizenship they have. The liability is still limited for the shareholders.
- Generally, the SA/NV must have three directors or more. The board of directors may only have two members if there are only two shareholders in the company. The General Meeting of Shareholders elects directors for a maximum of six years, which can be extended for additional six-year terms.

Cooperative company with limited liability (CVBA/SCRL):

- At least three members must decide upon establishing this type of structure in Belgium, provided that they have a minimum share capital of 18,500 EUR. However, at least 6,200 EUR must be paid up before the registration of the Belgian company and the rest can be deposited within five years after the incorporation. There is also another type of cooperative, that with unlimited liability.

Partnership (VOF/SNC):

- Formed by at least two founders who will run the business together and are both liable for the debts and obligations of the business. There is no mandatory minimum deposit upon incorporation and the management is ensured by the shareholders. It is important to note that in the general partnership the liability of the members is unlimited. Another type of limited partnership is the partnership limited by shares which also has a general partner and a limited one but it is constituted according to a notarial deed.

Sole trader:

- This is the simplest business form and also the one that bears full liability, like in the case of the general partnership. The business is run by a single individual and there is no separation between his assets and those of the business. It can be suitable for consulting work or for providing other types of services.

Branch:

- The Branch is an extension of the parent company that engages in the same business activities in Belgium. For taxation purposes, the branch is treated the same way as a resident company and it must follow the local applicable rules for management. The branch is also registered with the Crossroads Bank of Enterprises before it can commence the business activities.



ADVANTAGES OF DOING BUSINESS



- Brussels is a bustling hub for international business in addition to politics and government. It is the second most popular location for meetings of international associations, right after Singapore.
- Hosting numerous international organizations and corporate entities. Brussels, also known as "the capital of Europe," serves as a focal point for both European and global governance. Among the notable organizations with headquarters there are NATO and the EU.
- The fact that Belgium and France, Germany, Luxembourg, and the Netherlands share borders facilitates trade inside the EU.
- Its welcoming stance on foreign investments and business facilitate access to the global market and promote national economic progress. Belgium is also dedicated to enhancing and extending free trade agreements.
- Belgian exports and imports rank 12th and 14th respectively in the world. Additionally, the area is a hub for the burgeoning biotech sector, which places a strong emphasis on research, startups, and clinical trials.
- Belgium is renowned for having highly developed transport systems that include airports, trains, seaports, inland ports, and more. The economy has prospered because to this infrastructure. Regarding industry and logistics, Belgium's international rail and air infrastructures are recognized as some of the most alluring in the world.
- Border trade in Belgium moves quickly. The compliance criteria for export are completed in about one hour. One of the reasons Belgium is placed first out of 190 economies in the World Bank's Doing Business report for cross-border business is due to this.
- Because of its diversity, Belgium is a great region for businesses to test their products before spreading their distribution across Europe.

ELIGIBILITY CRITERIA FOR COMPANY REGISTRATION



The minimum eligibility criteria for company registration in Belgium are as follows:

- **Directors:** One director from any nationality is needed. The Director of a Belgium company registration can be a Belgium citizen or a foreign citizen.
- **Shareholder:** At least one shareholder is all that is needed for company registration in Belgium.
- **Share Capital:** The minimum share capital required for a public limited company is at least 61,500 euros and for a private limited company is 18,500 euros.
- **Registered Office:** Business requires an official office in Belgium and must be provided for company registration in Belgium.
- **Company Secretary:** It is not a legal obligation for the Belgium business to have an executive secretary.

For Belgium company registration, these documents are needed:

- The name of the company.
- The directors full name, and proof of birth date, address and nationality.
- Copy of the director's professional/educational qualification
- The capital amount and how many shares were purchased by each member.
- A financial plan will include details on how the initial investment, capital stock, will meet the requirements of the business for the first two years.
- Name and address of shareholders as well as a copy of ID/passport.
- Proof of residency and copy of the passport of the director(s)/ Shareholder(s)

HOW TO SETUP A BUSINESS

To start a business in Belgium, it is first required to first register the type of business entity which one wants to operate and commence his business. The types of such business entities are: -

- Private Limited Company
- Public Limited Company
- Partnership
- Limited Liability
- Sole Trader
- Branch



Process of setting up a Business/Company in Belgium:

1. Deposit a financial plan with the notary, sign the deed of incorporation and the by-laws in the presence of a notary, who authenticates the documents and registers the deed of incorporation (Agency: Notary Office)

The information included in the deed of incorporation are the following:

- The company name and type;
- The address of the registered office (this needs to be located in Belgium);
- the object and the duration of the company;
- The management methods, for example, for the administrative body is appointed and its powers;
- The capital, the types of shares and the terms and conditions for reducing or increasing the capital

Companies later have the option of filing and completing registration online with the notary or in person at the One Stop Shop ("OSS") Even though the company is able to obtain the enterprise company number this way it must still visit the OSS in order to activate the number.



2. Register with the Register of Legal Entities and VAT at a centralized company docket) and obtain a company number. (Agency: One-Stop Shop Register)

- After the filing of the deed of incorporation, the clerk's office will automatically register the company with the Register of Legal Entities. The company will be given a single identification number, the enterprise number which can be activated only by using a recognized one-stop shop.
- The company may request the VAT registration number either directly from the local VAT administration or through the centralized company docket, which can apply for the VAT registration number electronically. The VAT registration and social security registration are done through a single enterprise number. This activation can be done by the one-stop shop or directly by the VAT administration.



3. Register ultimate beneficial owners in the UBO register (Agency: UBO register)

- The Law provides for the obligation for the companies and foundations to collect and hold adequate, accurate and current information on their beneficial owners and for the administrators to transmit this information within the month and by electronic means to the UBO register.

4. File the "Dimona In" statements and register employees with Social Security (Agency: Social Security agency)

- Whenever a new employee is hired, employers have to file DIMONA IN declaration before the employee starts working to notify this information the Social Security Agency. This information, together with declarations about employees leaving the company (DIMONA OUT) is used by different governmental agencies to attribute social benefits to employees. It can be done online at no cost.

5. Undersign an insurance for accidents at work (Agency: Insurance company)

- It is legally required for new companies to undersign an insurance for accidents at work and on the way to and from work prior to occupying their first employee. The company needs to enter into an insurance contract with an insurance company authorized to extend this type of insurance policy. This requires the conclusion of a contract on the basis of information to be given and has no particular time frame.



TAXATION



The main difference in taxation when choosing between the available types of companies in Belgium is that a sole proprietorship is subject to personal income tax while a company is subject to the corporate income tax.

Corporate Income Tax (CIT)

Corporations with Belgian residents are required to pay corporate income tax (CIT) on their worldwide earnings. Companies that are not based in Belgium are solely taxed on their income which originates from Belgium. In addition to the corporate tax rate, three per cent surtax is levied.

The corporate income tax rate:

- has a standard value of 25% and the same rate also applies to branches in the country;
- small and medium companies are subject to a lower, 20% rate on the first EUR 100,000 (subject to certain conditions).

Personal Income Tax (PIT)

A sole proprietorship is subject to personal income tax when it is related to business activities. Non-Residents are only taxed on the income accruing from Belgium.

Taxable Income: -

The personal income tax rate applicable to the income generated by a sole trader in Belgium has progressive values:

- 25% for income of no more than EUR 13,440 or less;
- 40% for income between EUR 13,440.01 and EUR 23,720;
- 45% for income between EUR 23,720.01 and EUR 41,060 and 50% on income over EUR 41,060.

Value Added Tax

Under the harmonized EU system, VAT is generally assessed in Belgium on the value added at each level of the manufacturing and distribution supply chain. Generally, a business subject to VAT may claim the input VAT it paid on products and services acquired and is required to account for the output VAT levied on sales of goods or the provision of services.

The current value-added tax rate in Belgium is 21% as a standard rate, with lower rates of 12% and 6% as well as a 0% rate for some company activities or services. Exports are not subject to VAT, and there is no low registration requirement for this indirect tax.

Excise Duty

Excise duties applied in Belgium are divided into two categories: "community excise products" which are subject to EU procedures (such as alcohol, tobacco, petrol, gas, etc.); and "national excise products" which can be defined at the member state level on a voluntary basis (for Belgium, they consist of drinks like soda, water, and coffee).

Stamp duties are due on transactions relating to public funds if a professional intermediary intervenes in these transactions.

Import and Export Duty

Goods imported from outside the EU are subject to an 'import VAT' at the rate which would be applicable if they were sold in Belgium. The tax is collected at the time and place of entry into the country, alongside the relevant import duties.

Along with import VAT, Customs Duty is levied on goods brought into Belgium from outside the EU. The Customs tariff classification determines the level of charge, which varies depending on the kind of import, the value, and the country of origin of the products. As a result, Belgium will not charge any customs fees on any products imported from the EU.



ACCOUNTING STANDARDS



Belgian Generally Accepted Accounting Principles (referred herein as "GAAP") must be followed when creating a company's yearly accounts. The use of International Financial Reporting Standards (referred herein as "IFRS") is not permitted for the yearly accounts but is required for the consolidated accounts of publicly traded corporations. All businesses must use Belgian GAAP, as specified by the royal decree of January, 2001, when preparing their statutory annual accounts.

The significant accounting policies adopted must be explained in notes to the accounts in sufficient detail to allow an appreciation of their influence on the presented figures. Public inspection is permitted of all documentation submitted to the Enterprise Office (KBO/RPR) and the National Bank of Belgium, including the annual financial statements.

Auditing Accounts:

All significant businesses are required to undergo annual audits, according to the Belgian Code of Companies and Associations. Shareholders must approve the appointment of an independent external auditor for a term of three years.

A member of the Belgian Institute of Companies' Auditors is also required for the auditor. During that three-year period, an auditor may only be fired or resigned by the corporation under rare and well-defined reasons.



General Requirements:-

- Micro, small and large enterprises must keep the complete set of books of accounts in accordance with article 3.84 of the Code of Economic Law. The complete set of books of accounts includes:
 1. General ledger,
 2. Subsidiary ledgers (sales ledgers, purchase ledgers, cash books, etc.).
- The following types of legal entities must file financial statements:
 1. Private limited company;
 2. Public limited company;
 3. Limited liability joint-stock company;
 4. Limited partnership;
 5. Cooperative company with unlimited and joint liability or meeting of a group of companies;
 6. Cooperative company with limited liability.
- A copy of financial statements must be in one of the three official languages of Belgium depending on the region where the company's office is registered: Dutch – for Flanders, French – for Wallonia, German – for the German region. Companies incorporated in the Brussels region can choose Dutch or French.
- Foreign companies that have a permanent establishment in Belgium must also annually deposit with the National Bank of Belgium (NBB) a copy of annual financial statements of the foreign company and consolidated financial statements along with the balance sheet of the Belgian permanent establishment if the permanent establishment has employees in Belgium.

EMPLOYMENT POLICIES



Leave policies: -

The numerous leave policies to which employees in Belgium are entitled are described in the Belgian labor law:

- **Maternity Leave:** Employees who are female may take up to 15 weeks of maternity leave. They are required to take at least one week off before the due date and nine weeks off following childbirth out of the 15-week period.
- The social security system offers a benefit during this time that is equivalent to 82% of the employee's wage for the first 30 days and then 75% for the remaining time. Employers are not required to pay their staff members when they are on maternity leave.



- **Paternity Leave:** According to Belgian labor law, male employees are entitled to 10 days of paternity leave following the birth of their child. For seven days of paternity leave, the social security system pays 82% of their earnings. Within four months after the child's birth, the employees are required to take this leave.
- **Sickness Leave:** An employee who experiences an accident or becomes unwell is entitled to up to 30 days of pay under the Belgian labor code. If needed by internal work regulations or in a collective bargaining agreement, employees are required to produce a medical certificate while ill. Employers can use an independent medical officer to confirm an employee's inability to perform their job.
- **Other leaves:**
 - Certain family occasions, like weddings, births, adoptions, holy communion, youth celebrations without confession, funerals, etc.
 - To perform civil obligations such as jury duty, election participation, etc.
 - For each absence, the Royal Decree of 1963 specifies the cause and length of the leaves

Social Security: -

The Belgian social security system for employees covers:

1. Old-age and survivor's pensions
2. Unemployment benefits
3. Insurance for accidents at work /occupational diseases
4. Sickness and disability benefits
5. Family allowances

- The employer's contributions amount to approximately 33% for white-collar employees and around 40% for blue-collar employees. The employee's contributions are fixed at 13.07% and deducted from the gross salary.

Pension: -

Employee in Belgium receive a pension from the Belgian social security, referred to as the 'first pillar.' 65 years is the statutory retirement age in Belgium. Pensions are calculated based on the salary the person received over the time period spent in Belgium and the number of years worked in Belgium

Data protection and employee privacy: -

Employers are required to follow GDPR regulations. An employee's right to protection of personal data has to be respected while processing their data. The Belgian Data Protection Authority is in place to ensure compliance with the GDPR. Any violations of the GDPR or other data privacy regulations can lead to heavy fines[RBI] .



HOW WE CAN HELP

Chandrawat and Partners is a professional services firm that specializes in helping companies do business worldwide. We offer a range of services, including company registration, tax advisory, and legal support. Our team of experts has extensive experience working with foreign companies and can provide tailored solutions to meet the business needs.

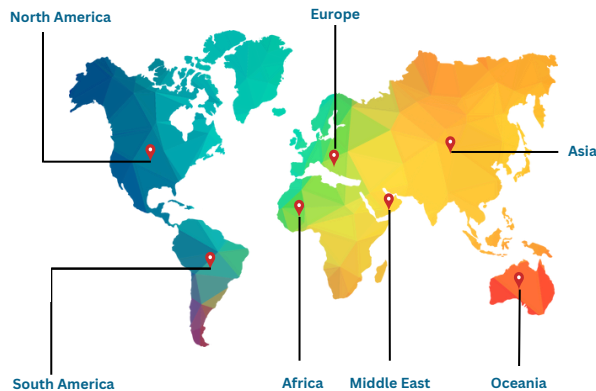
Our team can provide legal advice on the regulatory framework for automotive sectors, and automotive companies to drive efficiencies, unlock new value, improve the customer experience, and generate new business models.

Our team ensure that the business complies with all applicable laws and regulations, including consumer protection, labor, product safety, and environmental laws.

Our team can assist with obtaining the necessary licenses and registrations to operate legally in the jurisdiction. Furthermore, product liability insurance can also help businesses with licensing and registration requirements.



SERVING CLIENTS WORLDWIDE



The information contained herein is of a general nature. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. The information is not offered as an advice on any matter, and no one should act or fail to act based on such information without appropriate legal advice after a thorough examination of the particular situation. The information does not make us responsible or liable for any errors and/or omissions, whether it is now or in the future. We do not assume any responsibility and/or liability for any consequences.

Key Contact



Surendra Singh Chandrawat

Managing Partner

✉ surendra@chandrawatpartners.com

Connect Surendra on

[LinkedIn](#)

[WhatsApp](#)

Chandrawat & Partners is a leading and rapidly growing full-service firm providing high quality professional and corporate services to foreign and local clients, representing companies and individuals in a wide range of sectors through separate entities established in various countries worldwide.

Copyright © 2025 | All rights reserved | Chandrawat & Partners | Email: enquiries@chandrawatpartners.com | Website: www.chandrawatpartners.com

Follow us on:

