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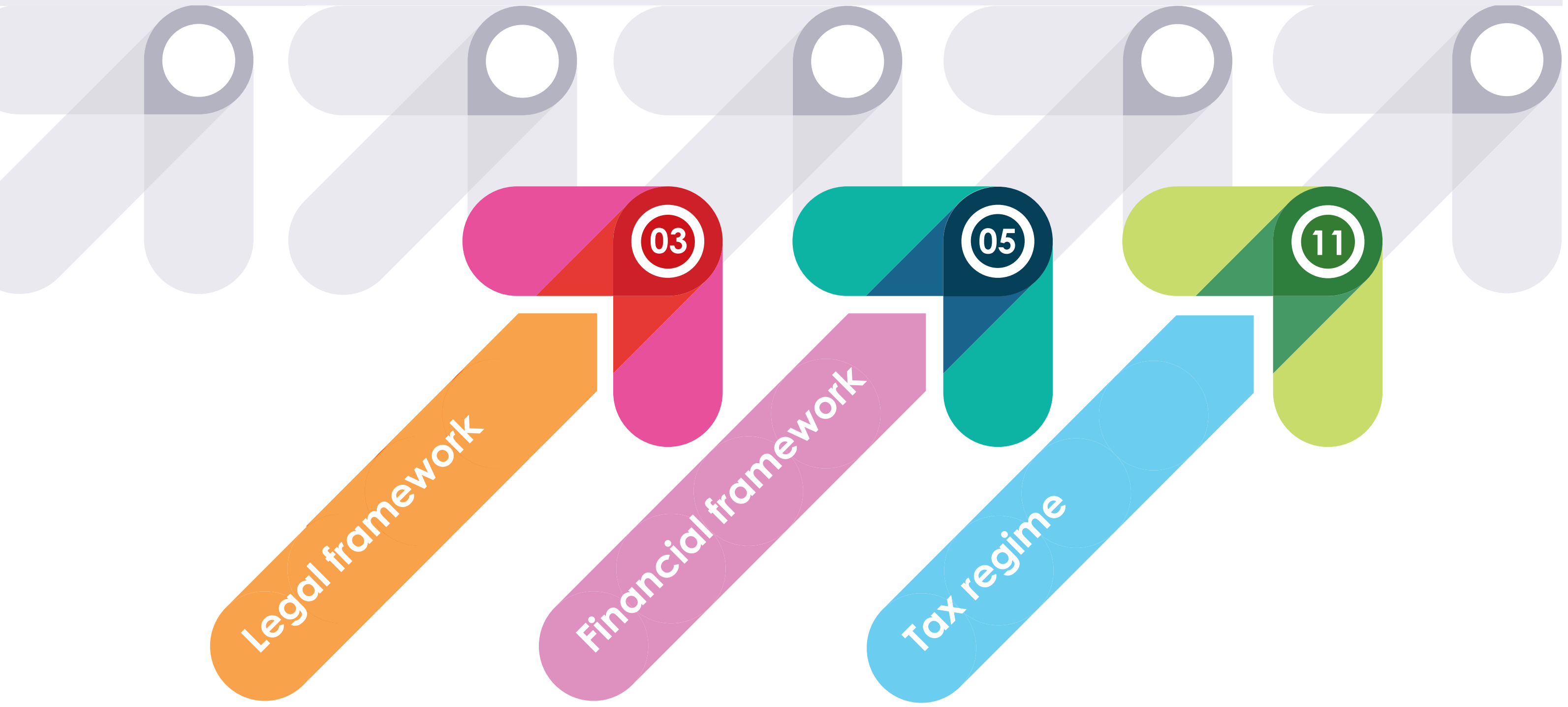

Legal framework
The Belgian trump card is flexibility!

Financial framework
Belgium has opted for a principle-based framework!

Tax regime
IORPs hosted in Belgium can boast of zero taxation!

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Life expectancy at effective retirement age is expected to increase from 19.4 years in 2013 to 24 years in 2060, with the adequacy of state pensions likely to decline from an average of 43.8% to 36% in 2060.

These elements will boost the development of funded pension schemes that are complementary to the statutory state pension, expanding the pension fund market on an unprecedented scale. In the coming decades they will change from net asset accumulators to institutions paying out more than they are receiving.

However, the ongoing pressure on occupational pensions due to the sharp decline in the financial markets and falling interest rates clearly shows the need for a better grip on pension risk and growing concern as to how to mitigate the volatility of coverage ratios.

Pan-European Pension Funds are the answer. Not only do they enable business to pool resources, bundling assets and liabilities from various jurisdictions under a single licensed Pension Fund. They also allow a reduction in operational risk and centralised management of this risk, providing more grip and control of pension assets and liabilities. They ensure increased efficiency through economies of scale and enhance cost savings by working through a single European entity.

According to the principles of the Single Market, the IORP Directive allows cross-border pension funds to be set up within the European Union. Today, Belgium is a leading European provider, offering multinationals a complete and comprehensive framework dedicated to establishing both pan-European and international pension funds.

Belgium has more than 20 years of experience with pension funds. It has 14 pan-European funds established in the country, in the very heart of Europe, and more funds exploring the opportunities to do so. It serves more host countries than any other country. Belgium has been chosen by the EU to host RESAVER, the retirement savings plan for researchers. In its coalition agreement, the Belgian government has committed to fostering Belgium as the location for pan-European funds. Bearing in mind the conclusions drawn in the report by the High Level Expert Group, we can proudly declare that Belgium is the prime location for pan-European pension funds.

This preference is based on the fact that Belgium's legislation is fully in line with the EU Directive, and its approach to regulation and supervision is based on principles, with an accessible, open-minded and supportive regulator. The IORP has a flexible governance framework and offers the opportunity to outsource, with zero taxes. Qualitative rather than quantitative financing rules are imposed on the IORP, which can offer all types of schemes and benefits without restriction on the form of benefit that is paid out. On top of all that, Belgium is a multicultural and multilingual community in the heart of Europe.

This brochure sets out the benefits of this very effective and advantageous legal, fiscal and prudential system. It also indicates the large number of recent treaties for the avoidance of double taxation which our country has signed, thereby offering substantial savings with regard to each fund's portfolio.

Belgium is positioning itself as a prime centre of shared services for international business and the Belgian government is committed to facilitating an attractive and sustainable framework for long term investors such as pension funds.

I trust that this brochure will be a useful document for the decision-makers in the pension and business community.

Prime Minister

Belgium has implemented EU Directive 2003/41[1] (referred to as the 'IORP Directive') by adopting a transparent, flexible legal framework, which promotes Belgium as 'the prime location' for international and pan-European pension funds.

The Act of 27 October 2006 on the supervision of IORPs (Institutions for Occupational Retirement Provision) defines the legal structure, organisation and functioning of pension funds.

Moreover, the prudential legal framework applies the 'prudent person' principle, granting optimisation opportunities to the pension fund, its sponsoring companies and the pension plan participants. The Act offers a flexibility which allows the pension fund to make the best response to the specific needs and wishes of a multinational or a group of companies.

A pension fund located in Belgium may have cross-border activities and operate several pension plans for which employees working in different countries (host countries) are eligible. However, the pension fund will be solely subject to the Belgian legal and regulatory prudential framework. If the employees affiliated to the pension fund are working in countries belonging to the European Economic Area (EEA), the relevant legal provisions[2] of their country's social and labour laws must be respected. On the one hand, the Belgian prudential framework offers a guarantee of solid management, securing the interests and pension rights of the plan participants. On the other hand, it provides a high degree of flexibility in terms of funding by sponsoring companies. Justification on a case-by-case basis has to do with the specific characteristics of the pension plans and their participants.

Furthermore, new tax provisions were adopted on 27 December 2006[3] to create a new favourable tax regime in line with the EET principle.[4] Thanks to these provisions, a well-designed pension fund located in Belgium can benefit from 'zero' corporate income tax.

1 Directive 2003/41/EC of the European Parliament and of the Council on the activities and supervision of Institutions for Occupational Retirement Provision (IORPs) of 3 June 2003.

2 Mandatory legal provisions of the host countries ('host country' is the country whose social and labour legislation applies to the relationship between the sponsoring company and the plan participants), within the limits of EU/international law.

3 Act of 27 December 2006 containing various provisions.

4 EET: 'exemption, exemption, taxation': (E): tax exemption for the contributions paid into a pension fund for the accrual of pension benefits (tax relief for the contributions paid by the sponsoring companies and by the pension plan participants); (E): tax exemption for income generated by the contributions, gains realised by the pension fund and capital gains during the accrual period prior to the payment of the benefit; (T): taxation of the pension benefits upon payment of the benefits.

5 Hence safeguarding the pension plan participants' accrued pension benefits and entitlements against the possibility that their employer, the sponsoring company, may go bankrupt.

6 Available on the FSMA's website, www.fsma.be.

7 OECD Guidance for Pension Fund Governance, approved by the Working Party on Private Pensions on 5 June 2009.

8 Voting rights can be determined in the by-laws.

Structure and organisation of the OFP

Legal framework

Separate legal entity
A pension fund established in Belgium takes the legal form of an OFP:

- **O**rganisation for **F**inancing **P**ensions
- **O**rganisme voor de **F**inanciering van **P**ensioenen
- **O**rganisme de **F**inancement de **P**ensions.

Autonomy. The OFP is a separate legal entity, solely liable for its funds and obligations and distinct from the sponsoring companies.[5] It is specifically designed to allow a flexible governance structure and organisation.

Autonomous legal framework
Unique. Since the OFP is a specific legal entity, it is not subject to laws applicable to other legal entities. The Act of 27 October 2006 is transparent and governs the structure and organisation of the OFP, and also its activities and the way in which it functions. The Act is available in English, French, Dutch and German, on the website of the Financial Services and Markets Authority or FSMA.[6] The Act is implemented by Royal Decrees, which are also available on the website. Furthermore, the FSMA issues circulars and memoranda commenting on the practical implications of the legislation.

Simple and flexible structure
Governance. In accordance with the OECD Guidelines for Pension Fund Governance,[7] the governance structure of the OFP ensures an appropriate separation of operational responsibilities from supervision and oversight responsibilities.

Consequently, the OFP must consist of two or more bodies:

- **a general assembly**

The sponsoring companies whose pension plans are operated by the OFP are members of the general assembly.[8] The general assembly has overall responsibility for supervision and oversight, and may be granted broad powers (to be defined in the by-laws).

- **a board of directors**

The OFP must have at least one operational body: the board of directors. The latter defines the general policy of the OFP and is responsible for the operational activities of the OFP.

- **other operational bodies**
(under the control of the board of directors)

Contractual Freedom. The legal framework is based on the principles of flexibility and contractual freedom: the parties setting up the OFP can structure it according to their own needs and wishes provided the basic double structure is complied with.

Complying with the host country's social and labour legislation. *Respect of local social regulation*. The parties involved in the pension plan can set up one or more committees to enable the OFP to meet the requirements of the host country's social and labour legislation as applicable to the pension plans which it operates.

The creation, composition, powers and functioning of these committee(s) can be decided upon by the parties involved.

Creation of the OFP and authorisation to act as a pension fund
Adopting by-laws. The OFP can be created simply by adopting by-laws. One ordinary member (a sponsoring company) is sufficient to do so. The by-laws do not need to be drafted by a notary nor do they require court approval. The by-laws will be published in the Belgian State Gazette.

Applying for authorisation. Prior to commencing its pension fund activities, the OFP must apply for IORP authorisation from the competent authority in Belgium (the home country), which is the FSMA. The request file to be submitted for this purpose can be downloaded from the FSMA's website.

Amongst the most important documents to be sent to the FSMA are:

- the by-laws
- the financing plan
- the statement of investment policy principles (SIP),
- a description of the pension plans which the OFP intends to manage
- the management agreement[9]
- information regarding the sponsoring companies and the members of the operational bodies.

The FSMA decides upon the application within three months of submission of the complete file. If the OFP envisages engaging in cross-border activities within the EEA, the notification procedure[10] provided in the IORP Directive must be complied with. This notification can be submitted at the same time as the authorisation request

Conclusion

The legal framework sets forth simple principles for the organisation and governance structure of the OFP and allows parties to adapt their organisation and functioning to their specific situation.

[9] If any. The management agreement is concluded between the OFP and its members, i.e. the sponsoring companies, determining its terms and conditions of operation and the rules of how it functions. If these rules are defined in the by-laws, the law does not require a management agreement to be signed.

[10] Notification of the intention to accept sponsorship from a sponsoring company established in another country in the EEA (host country). The notification must be addressed to the competent authorities in the home country (i.e. the FSMA for Belgium). The OFP may also engage in cross-border activities outside the EEA. A simplified notification procedure applies in that case.

Conditions of operation

Once authorised by the FSMA,[11] the OFP may start operating pension plans providing for retirement benefits.[12]
No activity in Belgium is required. Belgian law does not require that any of the sponsoring companies be established in Belgium, nor that any of the pension plans which the OFP operates be applicable to workers in Belgium.

Hence a multinational group with no business establishment in Belgium may decide to set up its pan-European or international pension fund in Belgium.

Adequate liabilities covered by appropriate assets. With respect to the pension plans which it is operating, the OFP must establish an adequate amount of liabilities (i.e. technical provisions) corresponding to the financial obligations which result from the pension plans. These technical provisions must be covered by appropriate assets.

Global management/netting. Different pension plans may be managed globally.[13] However, the OFP is free to decide differently and organise voluntary ring-fencing between different pension plans.

Solidarity. The OFP can also determine for itself the degree of solidarity it wishes to apply amongst its sponsoring companies. These rules need to be laid down in what is referred to as the 'management agreement.' This agreement is concluded between the OFP and the sponsoring companies and defines the rules of how the OFP functions. The management agreement may allow compensation ('netting') to be organised without prejudice to the relevant applicable social and labour laws and provided the minimum vested rights of the plan participants and beneficiaries are safeguarded.

Qualitative rules as opposed to quantitative rules

The Belgian legal framework describes the rules which the OFP must respect in relation to the technical provisions, investments and management. The law sets qualitative rather than quantitative rules, both for the determination of the technical provisions and for the investments.

Financial framework

Technical provisions

Cross-border activities if 'fully' funded. In the event of cross-border activities, the IORP Directive requires that the technical provisions are fully funded at all times in respect of the total range of pension plans operated by the pension fund.

[11] In the event of cross-border activities, the OFP can start its activities after completing the cross-border activities notification procedure (i.e. within two months for cross-border activities within the EEA following the authorisation period).

[12] For non-Belgian pension plans (i.e. pension plans not applicable to salaried and self-employed workers in Belgium), Belgian legislation does not impose any restrictions or conditions on the content of the pension plans. Indeed, if the pension plan can be considered as a pension plan within the meaning of the IORP Directive in the host EEA country (for non-EEA countries: the same definition of retirement benefits as the one used in the Directive), the OFP is authorised to operate it. For pension plans applicable to salaried workers and self-employed persons working in Belgium, a different definition of 'retirement benefits' is used, which corresponds more closely to the situation in Belgium.

[13] The Act only imposes the following exceptions to this rule: the separate management of pension plans applicable to salaried workers and those applicable to self-employed workers, and the separate management of pension plans which are subject to recovery measures decided upon by the FSMA.

Prudent but dynamic 'full' funding requirement. The Belgian legislator has not adopted a quantitative approach here, but rather requires a prudent calculation method based on economic and actuarial assumptions which the OFP needs to be able to justify.

Coherent. The OFP must establish, as technical provisions, an amount sufficient to guarantee the pension benefits already being paid out and the accrued pension benefits in accordance with a prudent valuation method. The calculation basis of the technical provisions must form part of the financing plan which the OFP and the sponsoring companies agree upon.

DC. For defined contribution pension plans, the provisions to accrue are equal to the sum of the vested pension rights as defined by the plan rules and by the host countries' social and labour legislation, where applicable.

DB. As for pension plans providing for defined benefits, a guaranteed return or biometrical risks,[14] the method of calculating the technical provisions may take into account prudent interest rates, which may, for example, consider expected investment returns.

Flexible. The OFP may define its own rules and calculation method provided they can be justified by the specifics of the OFP and the pension plans administered. Thus the OFP has a high degree of flexibility, subject only to reasonable justification.

Minimum = vested pension rights. The technical provisions may not, however, be lower than the 'minimum vested pension rights' defined by the rules of the plan or, if applicable, the host country's social and labour legislation. Provided this minimum is respected, the law allows a long-term view in respect of the calculation method to be applied.

Coverage of the technical provisions

Prudent investments. The technical provisions must be covered by assets invested according to the 'prudent person' principle.The only quantitative restriction which applies and which is imposed by the IORP Directive relates to investments in the sponsoring companies (limited to 5% of the portfolio as a whole) or in the group (limited to 10% of the portfolio as a whole) of sponsoring companies.

Investments

Prudent and Consistent. Assets are to be invested prudently, in line with the investment policy defined in the statement of investment policy principles (SIP) and in accordance with the nature and the duration of the expected future pension benefits. Derivatives may be used, provided they contribute to reducing the investment risks or facilitate efficient portfolio management. Once again, the key message is: if you can justify the use of derivatives as reasonable and prudent, considering all elements, this will in principle be allowed.

Financing plan

The OFP must establish a financing plan in agreement with all the sponsoring companies, which commit themselves to executing it and to paying the contributions pursuant thereto. The financing plan determines the method of calculating the contributions to be paid for each pension plan to ensure appropriate funding of the pension liabilities and the solvency margin, as well as to cover all costs and expenses. It must be submitted to the FSMA. OFPs which undertake to guarantee the pension obligation themselves (rather than the sponsoring companies making this undertaking) and OFPs which cover biometrical risks must establish a solvency margin (defined by Royal Decree).

Statement of investment policy principles – SIP

The OFP must establish a written statement of investment policy principles – SIP – describing the investment risk measurement methods, risk management processes and strategic asset allocation, considering the nature and the duration of the pension liabilities. The OFP must review this statement at least every 3 years.

[14] Risks linked to death, disability and longevity

[15] For defined contribution pension plans, the provisions to accrue equal to the sum of the social vested reserves.

Balance sheet of the OFP: assets and liabilities

Summarised in the form of a balance sheet, these main principles apply in relation to the assets and how they are invested as well as to the liabilities.

Assets

General rules
- in line with the prudent person principle
- valued at market value
- ensure security, quality, liquidity and profitability
- only quantitative restriction: max. 5% in sponsoring company (max. 10% for a group)

Investments for coverage of the technical provisions:
- invested in the best interest of the plan participants and plan beneficiaries
- in line with the nature and duration of the expected future retirement benefits
- invested mainly on regulated markets
- investments in derivative instruments if reducing the investment risk or facilitating efficient portfolio management
- properly diversified

Other investments

- flexibility (except 5% in sponsoring company,10% in group)
- alternative for the coverage of the 'solvency margin': guaranteed claim on the employer

Liabilities

Technical provisions:[15]
- amount has to be sufficient to guarantee the pensions already being paid out and the accrued pension rights
- in line with a prudent actuarial valuation
- no quantitative rules but prudent choice of economic and actuarial assumptions, i.e.:
- biometric tables (life expectancy/mortality, disability) adjusted to the plan participants and beneficiaries
- discount rate has to be chosen taking into account:

  a) the return on the investments covering the technical provisions and the future returns on investment and/or
  b) the market yields of the bonds of a Member State or other high-quality bonds

- the method and assumptions remain in principle unchanged from one financial year to another
- the chosen method and assumptions must safeguard the sustainability of the commitments
- they may not be lower than the minimum vested rights defined by social and labour laws

'Solvency margin':
- to cover death and disability benefits (biometrical risks)
- based on quantitative rules (may be reduced by means of insurance or reinsurance of the risk coverage)

Balance

Dynamics of the financing framework

The main goal of the Belgian prudential framework is to create a prudent and coherent management model in which the investments are in harmony with the characteristics of the pension plans and the plan participants and in which the investments match the underlying technical provisions. This model grants autonomy with respect to management arrangements, which are to be prudent and solid. Moreover, this framework allows for significant flexibility in the level of funding as long as the technical provisions are fully covered.

The key is:
prudence and coherence

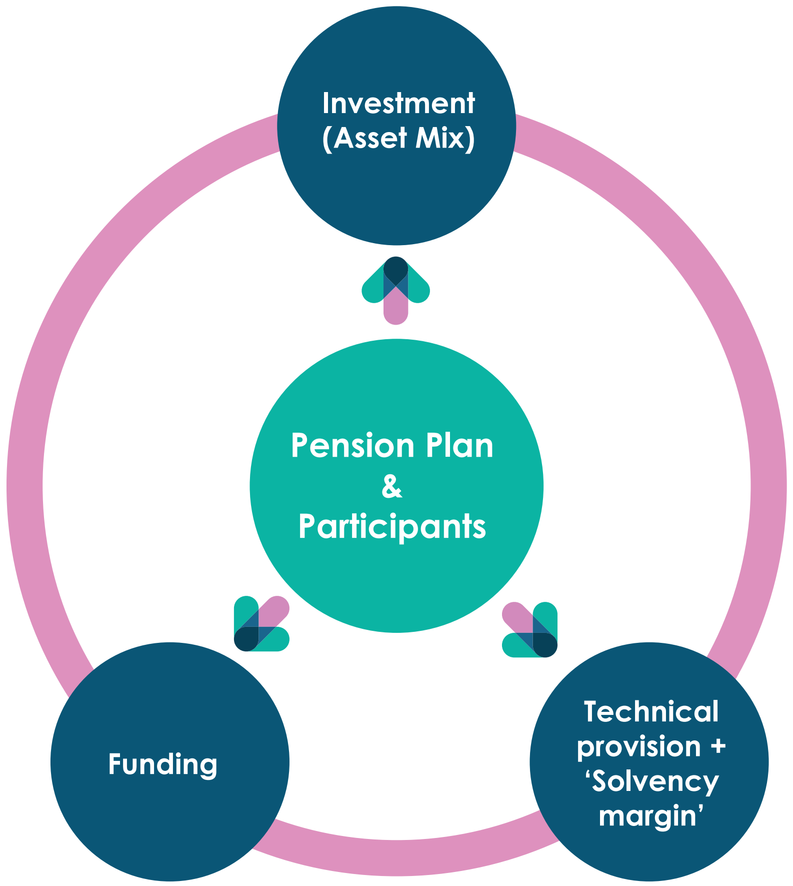

Figure1.
Prudent management model
The characteristics of the pension plans and their participants have a significant influence on funding and investments and determine the technical provisions. The pension plans and their participants are a given and are the key drivers for investments, determination of the technical provisions and funding.

The selection of demographic assumptions (e.g. life expectancy/mortality, retirement age etc.) must be in line with the characteristics of the pension plans and their participants.

- The pension plans and their participants influence the investments.
- To simplify, it is advisable to make conservative investments if the average remaining duration of the pension 'liabilities' is short and vice versa. The use of ALM (Asset Liability Management) techniques allows alignment of the investment strategy with the characteristics of the pension plan and the population (e.g. 'duration').
- The investments influence the technical provisions. The discount rate for the calculation of the technical provisions can be determined taking into account the return on the underlying investments.

This return may be determined, for example, by application of the following simplified approach:

- the returns which were achieved in the past
- the expected long-term consensus return (see example in Figure 2); this model must be adjusted to the asset mix and the relevant financial markets.

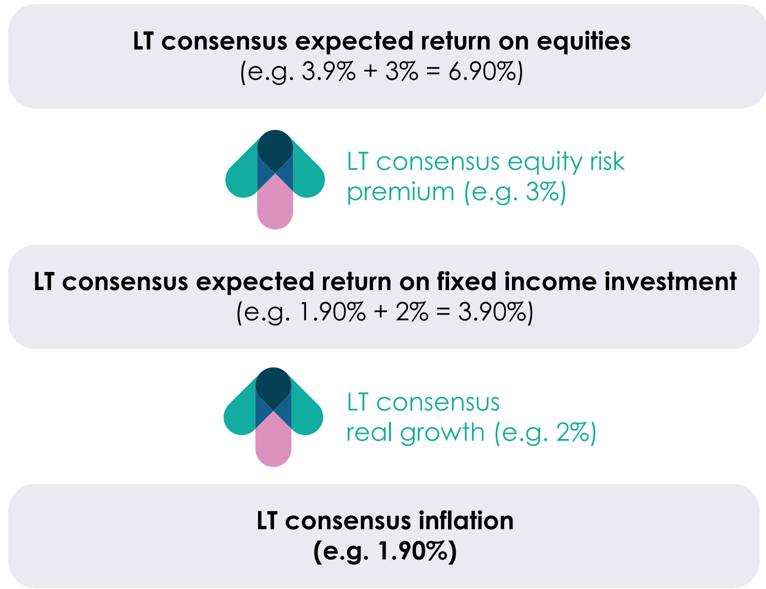

Figure2.
Example of expected long-term consensus return

Asset mix: 0% equities and 100% bonds = expected LT return = 3.90%

Asset mix: 25% equities and 75% bonds = expected LT return = 4.65%

Asset mix: 75% equities and 25% bonds = expected LT return = 6.15%

The model to be used can be freely determined by the OFP in agreement with the sponsoring companies, provided it meets the prudent person criterion.

A more sophisticated approach consists of defining the return on the basis of the expected return pattern generated by an ALM study (see example in Figure 3).

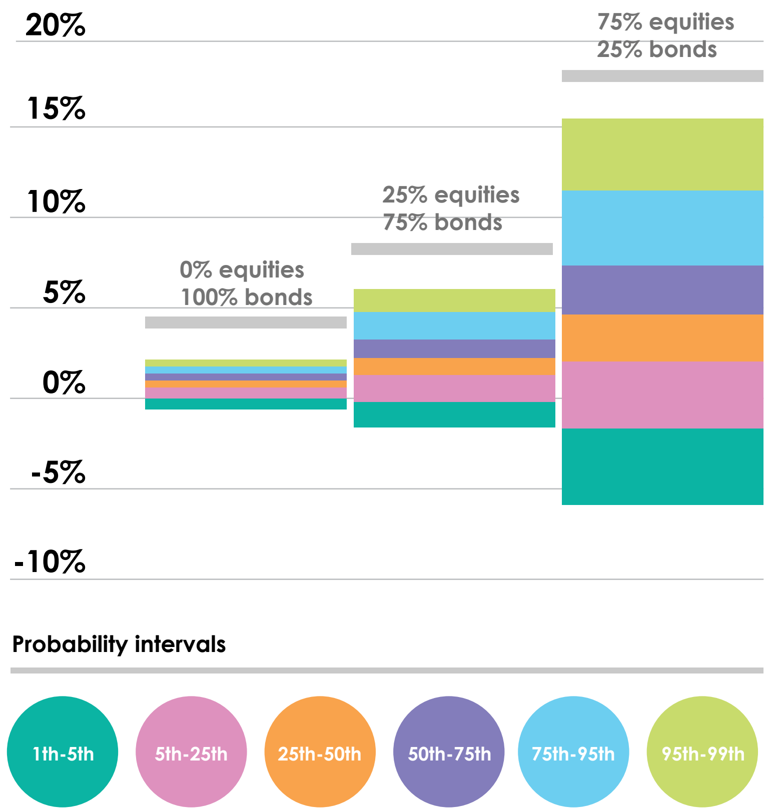

Figure3.
Average expected return over 10 years

Global impact on funding.
The Belgian legislation offers a high degree of flexibility in setting the target funding level, provided the technical provisions are covered. The OFP may consider creating a cushion, for example to absorb short-term return volatility.

For a pension fund with an average remaining duration of 15 years, it may be considered that a decrease or increase of 1% in the expected return and thus in the discount rate results in roughly 15% higher or lower provisions respectively.

Asset management and custody
The OFP may freely appoint investment managers for the management of its portfolio. It may also appoint a custodian established and authorised in any country participating in the EEA.

As regards the underlying assets covering the technical provisions, the Belgian legislation requires, as a rule, that they be deposited within the EEA. If this is not the case, a certificate from an authorised institution must be provided to justify non-EEA deposits.

Information for the pension plan participants and beneficiaries
The Belgian legislation implements the obligations of the IORP Directive relating to the provision of information in full. It thus aims to create complete transparency.

The pension plan participants receive an annual benefit statement describing the situation of the OFP and detailing the current level of financing of their accrued individual pension entitlements.

The SIP will also be made available to all plan participants and beneficiaries or their representatives upon their request.

Other information can be requested, intended to provide the pension plan participants (and beneficiaries) with accurate information regarding their benefits.

Supervision
The FSMA oversees and supervises the OFP. Within the FSMA, the specific department 'Supervision of Supplementary Pensions' is in charge of overseeing the OFPs. This department consists of a highly expert team of multilingual actuarial, legal, financial and economic experts. The department is easily accessible and applies a philosophy of open discussion.

Conclusion
The Belgian prudential framework sets qualitative rules and grants flexibility with regard to the investment strategy, determination of the technical provisions (for example by taking into account the expected investment return), funding and involvement of the sponsoring companies as well as plan participants and beneficiaries, for example through the involvement of social committees.

The qualitative rules for the determination of the technical provisions do not impose prescriptive demands on the sponsoring companies in respect of their funding and the level of assets to accrue within the OFP. However, the governance structure and compliance with the prudent person rule guarantee a solid management that secures the interests and pension rights of the plan participants.

[15] For defined contribution pension plans, the provisions to accrue are equal to the sum of the social vested reserves.

[16] This figure is only illustrative and results from underlying economic and financial assumptions.

Tax regime

Corporate income tax – 'zero taxation on profit'
OFPs are subject to Belgian corporate income tax. This does not, however, imply that an OFP will be taxed as if it were an ordinary corporation. On the contrary, an OFP is taxed according to the special corporate income tax regime applicable to investment companies[17]

This special tax regime implies that the taxable basis[18] of the OFP only includes the following items:

- Exceptional or gratuitous advantages received

The term 'exceptional or gratuitous advantages' is taken from Belgian fiscal terminology and indicates income which is derived from transactions that are not at arm's length.

By duly respecting the generally applicable fiscal principle of arm's length, the OFP can avoid becoming taxable on this income.

- Non-deductible expenses

Under Belgian tax law, certain expenses incurred by the legal entity are not, or not fully, tax deductible, whether or not they are professional expenses. Examples of such non-deductible expenses are: non-deductible taxes, fines, non-deductible car expenses, restaurant and representation costs, certain social benefits granted to employees, salaries and other attributions of professional income, as well as payments to tax havens for which specific fiscal reporting obligations have not been complied with[19], etc.

Generally, an OFP can avoid taxation on non-deductible expenses.

- Investments: 'zero' taxation.

The capital gains generated by the OFP that an OFP realizes on its (debt or equity) investment assets are not included in its tax base and are therefore exempt from corporate income tax. Likewise, the OFP is not taxed on income from dividends and interest (generated in Belgium or abroad). If Belgian withholding tax has been applied upon payment of income to the OFP, this tax is offset against any corporation tax which may be due (see above). Any surpluss is refundable. This results in favourable tax treatment where gross income is usually equal to net income.

The income tax regime applicable to the OFPs provides a high degree of flexibility and offers many choices in respect of investment decisions.

[17] e.g. BEVEK / SICAVs, the investment funds commonly used in Belgium.

[18] The applicable corporate tax rate is 33.99% (i.e. 33% plus a 3% crisis surcharge).

[19] Such attributions of professional income that are not properly reported are referred to as 'secret commissions' and may, depending on the circumstances, either be included in the taxable base (taxable at 33.99%) or be separately taxed at 103% or 51.5% as the case may be. By complying with the ordinary reporting obligations for salaries, fees and commissions an OFP can avoid becoming taxable on secret commissions.

International taxation: benefiting from double taxation treaties

Since it is subject to corporate income tax, an OFP is, in general, able to claim the benefits of the taxation treaties signed by Belgium. Belgium has one of the most extensive taxation treaty networks in the world.

This large treaty network allows Belgian OFPs to claim treaty exemptions or reductions of (foreign) withholding tax, for example on foreign source dividend and interest income, provided that the relevant treaty conditions are met. Belgium renewed its taxation treaty with the USA in 2006[19]. The Belgian OFP is explicitly mentioned as eligible for treaty benefits (subject to meeting the treaty conditions on 'limitations of benefits') resulting in zero US withholding tax on dividends from US equity.

As a result, Belgian OFPs will generally have a higher net dividend or interest income than similar pension funds in most other countries.

VAT

OFPs are exempt from VAT.
The VAT exemption applicable to the management of UCITS has been extended to the management of OFPs.

On the basis of the European Court of Justice 's case law and guidance issued by the Belgian tax authority, the exempted management activities[20] are considered to include:

- the financial management of an OFP: services consisting of the management of the financial assets and other assets of the OFPs[21]; as well as

- the administrative management:

administrative management services intended for the operation of the OFP, insofar as they are specific to and essential for the OFPs, e.g.: issuing of the annual report, provision of information to plan participants, reporting to the competent authorities, etc.

If fees for VAT-exempt services are charged by a Belgian service provider, the exemption normally applies. If the service provider is located outside Belgium, the place of supply of their services for VAT purposes needs to be looked into first. If fees for VAT-exempt services, as defined, are charged to the OFP by a service provider established in the EU but outside Belgium, no VAT should, as a general rule, be due in the EU Member State where the service provider is established, and neither will any VAT be due in Belgium[22].

Other indirect taxes

The OFP itself is not subject to the annual tax on collective investment trusts, whereas the OFP may indirectly incur this tax when it opts for participation in certain investment funds which are subject to the tax.[23] In other words, the OFP's direct asset investments are exempt from this tax.

Conclusion

The OFP enjoys a favourable tax regime in terms of both direct and indirect taxes.
Provided the OFP avoids taxation on non-deductible costs, and as long as foreign investments are well-chosen and well-structured, the OFP can aim for virtually 'zero'-taxation overall.

Thus Belgium can boast of particularly advantageous terms which are quite unparalleled in other EEA countries.

Interesting data

At present, Belgian IORPs have the most geographically widespread activity of all EU-based IORPs, exercising cross-border activity in 11 countries (10 EU Member States and one non-EU country).

[19] Treaty of 27 November 2006.

[20] For the definition of 'management activities' falling within the scope of the VAT exemption, guidance can be found in an extensive administrative circular (N° AOIF 22/2008 – ET 113.316) of 17 June 2008).

[21] Asset management does not include actual financial depositary activities on the securities by the OFP.

[22] Since the nature of the services rendered needs to be examined on a case-by-case basis, and since national laws must also be considered in light of EU law to determine the place of supply of the service, each contract and fee for services will require a separate analysis.

[23] For Belgium, this means the yearly 0.08% or 0.01% UCITS tax (for share classes intended for professional investors).

For more information on other incentives and reasons to invest in Belgium, please visit

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