

Belgium

TAXATION

¶900 CORPORATE INCOME TAXES

Resident companies, defined as those which have their headquarters in Belgium or have their principal office or place of management or administration in Belgium, are liable to corporate income tax on their worldwide income.

Non-resident companies are taxed on their income from sources in Belgium, subject to the terms of any relevant double tax treaty.

The basic rate of corporate income tax is 33%, increased with an austerity surcharge of 3% of the tax payable, giving an effective tax rate of 33.99%.

Companies with taxable profits of not more than €322,500, and which comply with prescribed conditions, are taxed at the following marginal rates:

Taxable Profits	Marginal Tax Rate	Effective Rate with 3% Surcharge
up to €25,000	24.25%	24.98%
€25,001 – €90,000	31.00%	31.93%
€90,001 – €322,500	34.50%	35.54%

Several deductions may apply, such as the notional interest deduction, which can decrease the effective tax rate (see Tax Incentives for Businesses below).

Companies may deduct from their taxable profits an amount equivalent to 95% of their dividends received on domestic and foreign shareholdings, provided the conditions for the participation exemption are satisfied in relation to the holding:

- The recipient of the dividends must hold the participation for a minimum of one year and must have:
- A minimum participation level of 10%, or
- Shares with an acquisition value of at least €2.5m

The paying company must be subject to corporate income tax on the profits out of which the distribution is made at a rate that is not substantially more favourable than the Belgian tax rate.

This is known as the Dividend Received Deduction (DRD). If dividends received exceed taxable profits, the excess, to the extent that it is attributable to shareholdings in companies in Belgium or elsewhere in the EU/EEA, may be carried forward for relief against future profits.

Capital gains on the disposal of shares in Belgian or foreign companies that qualify (or would have qualified if no minimum participation level had existed) for the DRD are subject to a minimum one-year holding period.

For shares sold within the one-year period, the capital gain is taxed at a rate of 25% plus a 3% surcharge (an effective rate of 25.75%). Gains realised from shares sold after the one-year holding period expires are taxed at a rate of 0.4% plus a 3% surcharge (an effective rate of 0.412%) from 1 January 2013 (previously such gains were exempt from tax). Small companies are exempt from the 0.4% tax.

Other capital gains are taxed as ordinary income.

Losses may be carried forward indefinitely for relief against future profits. There is no provision for losses to be carried back against the profits of earlier years. Restrictions apply in some cases on carrying forward losses for future relief if there is a change in the company's ownership.

Tax consolidation for group companies is not permitted.

Companies must generally file a tax return within six months of the end of their financial year, which need not be the calendar year. Tax returns must be filed electronically via Biztax. It is only in exceptional circumstances that a company can apply for an extended period in which to file a return.

Companies generally make quarterly payments of their estimated tax liability during the course of their financial year. A failure to make quarterly payments, or a failure to make them on time, may result in surcharges being imposed. Any remaining tax due is payable within two months of the receipt of an assessment.

¶1901 PERSONAL TAXES

Resident individuals are liable to income tax on their worldwide income.

Non-resident individuals are taxed on their income from sources in Belgium, subject to the terms of any relevant double tax treaty.

The personal income tax rates for the 2017 income year are as follows:

Taxable Income	Marginal Tax Rate
up to €11,070	25%
over €11,070 – €12,720	30%
over €12,720 – €21,190	40%
over €21,190 – €38,830	45%
over €38,830	50%

A communal tax of up to 9% of income tax, payable by resident individuals, is charged by towns and municipalities. The communal tax is fixed at 7% for non-residents.

Capital gains from the sale of private assets are generally exempt from tax. Gains from the sale of land less than five years after its acquisition are taxed at 33%, or between five and eight years after acquisition at 16.5%. Gains from the sale of property (unless it is the individual's private residence) within five years of acquisition are taxed at 16.5%. Gains from the sale of shares in a resident company to a foreign entity outside the EEA are taxed at 16.5% if the seller has owned more than 25% of the company's share capital at any time during the five years preceding the sale. Capital gains from business activities are taxed at income tax rates.

Inheritance tax is charged on those inheriting assets from a deceased individual. If the deceased was resident in Belgium, the charge extends to net assets worldwide. If the deceased was resident outside Belgium, the charge is limited to net assets located in Belgium. Tax rates vary between 3% and 80% according to where in Belgium the deceased was resident or the assets were located, and according to the relationship between the deceased and the beneficiary.

Gift tax is charged on those receiving gifts of property located in Belgium, or of other assets if the gift is registered by a notary in a written document. Tax rates vary between 3% and 80% according to the region and the relationship between the parties.

There is no wealth tax.

¶1902 EMPLOYMENT RELATED COSTS AND TAXES

¶1902.1 Fringe benefits

Employment income is widely defined and includes most fringe benefits provided by an employer. Certain benefits such as a company car, mobile phone or free housing are determined on a favourable lump sum basis. The cost or a percentage of the cost of fringe benefits is generally deductible for the employer.

¶1902.2 Payroll tax

Employers are required to deduct a professional withholding tax from their employees' monthly salaries and remit it to the tax authority. The withholding tax is offset against the final tax amount due from the employee. If too much tax has been withheld, a refund is made to the employee. If the amount of tax that has been withheld during the year was not enough, an additional amount will have to be paid to the tax authorities.

¶902.3 Social security costs

Employers must generally make social security contributions of at least 30% of their employees' pay (set to decrease to 25% from January 1, 2018).

Employees contribute 13.07% of their pay. This rate applies to the monthly gross remuneration without a ceiling.

¶903 WITHHOLDING TAXES

¶903.1 Domestic payments

The withholding tax on dividend payments to companies and individuals is generally 30%. Under certain circumstances no withholding tax is levied on dividend payments between Belgian companies. Dividends from property investment funds are subject to a reduced rate of 15% if certain investment conditions are satisfied.

A reduced withholding tax rate of 15% applies to dividends from shares issued against a new cash contribution made in small and medium sized companies.

Generally, Belgian recipient companies can offset withholding tax paid against corporate income tax.

The withholding tax on interest payments to individuals is 30%. A reduced 15% rate applies to interest on certain Belgian State Bonds. The first €1,880 of interest on savings accounts is exempt from withholding tax. Interest paid to Belgian companies, Belgian banks, Belgian financial institutions and government bodies is exempt from withholding tax.

The withholding tax on royalties paid to individuals is generally 30%.

¶903.2 Payments abroad

Dividends paid to companies and individuals are, in general, subject to a 30% withholding tax. No withholding tax is levied on payments between Belgian companies and other EU companies under the EU Parent-Subsidiary Directive if the recipient company has owned 10% or more of the share capital of the paying company for a period of at least one year and subject to certain other conditions.

Dividends from SICAFs may be exempt from withholding tax or subject to a reduced rate of 15% if certain investment conditions are satisfied.

Interest and royalties paid to companies and individuals are generally subject to a 30% withholding tax. Under the terms of the EU Interest and Royalties Directive, interest and royalties paid to associated companies in the EU are exempt from withholding tax, subject to conditions. Companies are associated if one owns directly or indirectly 25% or more of the share capital of the other company.

A tax credit of up to 15/85ths of the value of interest and royalties received by Belgian companies from abroad is available to offset withholding tax paid abroad.

For payments made to recipients in countries with which Belgium has a double tax treaty, the rates of withholding tax may be reduced under the terms of the treaty.

¶904 VALUE ADDED TAX (VAT)

VAT is levied on the sale price of goods and services and on the value of goods imported into Belgium. There is no VAT registration threshold in Belgium. Small businesses with an annual turnover not exceeding €25,000 can opt for a special regime where VAT on supplies is not charged and input VAT cannot be deducted.

The standard VAT rate is 21%. Certain supplies are subject to reduced rates of 12% or 6%. Exports, certain newspapers and periodicals and scrap metal are zero-rated. Some supplies are designated as exempt, including insurance services (set to exclude non-broker/agent third parties from January 1, 2018).

Businesses, other than those making exempt supplies, can generally recover the VAT with which they themselves are charged.

¶905 OTHER TAXES

¶905.1 Property taxes

Property tax is levied on all properties located in Belgium. The basis is a notional net rental value determined by the tax administration. The tax includes a regional tax, a provincial tax and a communal tax. Rates vary depending on the region, the province and the commune.

¶905.2 Excise taxes

Excise taxes are levied on certain products such as oil and gas, tobacco, alcohol, soft drinks and coffee.

¶905.3 Transfer tax

Registration duties are generally charged on the transfer and leasing of real estate located in Belgium. The tax rate is 10% or 12.5%, depending on the region where the real estate is located. Reduced rates are charged in some circumstances.

¶905.4 Tax on credit institutions

Belgian credit institutions and Belgian branches of foreign credit institutions are subject to an annual tax at the rate of 0.13231% of debts to customers (as defined).

¶905.5 Taxes on shares and securities

The purchase or sale of securities is subject to tax rates of 0.09%, 0.27% and 1.32%, depending on the type of transaction, with a maximum tax amount of €1,600 (€4000 in the case of capitalisation or share issues).

¶906 TAX INCENTIVES FOR BUSINESSES

¶906.1 Research and development (R&D)

Fixed assets used in Belgium to promote R&D into new technology are eligible for an investment deduction of 13.5%. Such deduction may also apply to investment in other specified assets.

Some taxpayers can benefit from a one-off or spread investment deduction. Generally, the deduction is applied in the tax year in which the investment is made (one-off deduction). Some taxpayers, however, may choose to take the deduction over the duration of the depreciation period (spread deduction).

For patents granted prior to July 1, 2016, Belgian companies and Belgian branches of foreign companies may deduct 80% of qualifying patent income until June 30, 2021.

Belgian companies and Belgian branches of foreign companies that invest in fixed assets eligible for increased investment deductions for patents and for R&D may instead obtain a tax credit equal to 13.5% multiplied by 33.99%. These credits can be carried forward for the next four years where there is insufficient income for offset in the current year. After five successive tax years without sufficient set-off, the taxpayer will receive a refund for the remaining tax credit.

¶906.2 Payroll-related incentives

Companies investing in R&D projects are allowed an exemption of 80% of the payroll withholding tax for research workers in the R&D department.

Companies investing in a Flemish zone in economic difficulty (as defined) are eligible for a two-year 25% exemption from withholding tax on wages of employees hired following the investment.

¶906.3 Investment incentives

As an incentive to reinvest profits, resident companies and branches of non-resident companies are permitted a notional interest deduction (NID) in computing their taxable profits. The notional interest is calculated on the company's equity capital. The notional interest rate is calculated by reference to the rate applicable to 10-year government bonds. For 2017, the rate is 1.131%, or 1.631% for small and medium-sized companies (set to be 0.237% and 0.737% respectively in 2018).

From 2013, carry forward of unused NIDs is not permitted. However, a transitional measure allows unused NIDs available in a tax year

ending no later than December 30, 2012 to be carried forward for seven years. Only 60% of the taxable profits in excess of €1m can be offset by interest deductions brought forward in any one year. An extension to the seven-year period will be allowed for the carry forward of NIDs which are unused due to the 60% limitation.

Financial assets allowing a DRD must be deducted from the NID-basis (for which see "Corporate Income Taxes" above).

Small and medium-sized companies can, subject to conditions, set up tax-free investment reserves of up to 50% of their profits, with a maximum reserve of €37,500. Reserves must be invested within three years in depreciable assets or are otherwise brought back into taxable profits.

FORMS OF DOING BUSINESS

¶907 COMPANIES

The two main company types are:

- The public limited company (*naamloze vennootschap* (NV) / *société anonyme* (SA))
- The private limited company (*besloten vennootschap met beperkte aansprakelijkheid* (BVBA) / *société privée à responsabilité limitée* (SPRL)).

Information about setting up and managing a business in Belgium can be found on the website <http://business.belgium.be>.

¶907.1 Public limited company (NV/SA)

The NV/SA requires a minimum of two shareholders who contribute a minimum share capital of €61,500 that must be fully subscribed and paid up. The share capital may be subscribed in cash or in kind. Subscriptions in kind require a valuation report from an auditor.

Non-Belgian nationals can be shareholders and directors of an NV/SA.

The general meeting of shareholders appoints a board of directors, which manages the company and, if required, a company auditor. The board consists of at least three directors, but if the company has only two shareholders, the number of directors can be limited to two. The board of directors delegates daily management to one or more managing director(s).

¶907.2 Private limited company (BVBA/SPRL)

The BVBA/SPRL requires a minimum of one shareholder. The minimum share capital required is €18,550, which must be fully subscribed. Share capital can be subscribed in cash or in kind. Each share subscribed in cash must be at least one-fifth paid up, and contributions in kind

must be fully paid up; this is subject to a minimum of €6,200 of the total share capital being paid up.

The company can issue only registered shares, and transfer of shares is subject to approval of the other shareholders.

The shareholders appoint one or more directors in charge of daily management.

Non-Belgian nationals can be shareholders and directors of a BVBA/SPRL.

¶908 PARTNERSHIPS

A limited partnership (*commanditaire vennootschap* / *société en commandite*) must have at least one general partner and one limited partner. Limited partners are responsible for partnership liabilities up to the amount of their individual investments, while general partners are fully liable for all partnership liabilities. Limited partners cannot participate in the management of the partnership. This kind of partnership has two possible forms:

- A company with shares (*commanditaire vennootschap op aandelen* (CVA) / *société en commandite par actions* (SCA)), and
- An ordinary company (*gewone commanditaire vennootschap* (GCV) / *société en commandite simple* (SCS)).

The CVA/SCA has all the characteristics of an NV/SA (see ¶907.1). The GCV/SCS is a very simple company, without a minimum capital requirement.

A general partnership (*vennootschap onder firma* (VOF) / *société en nom collectif* (SNC)) is a commercial company created by joint and severally responsible partners with a business or trade purpose.

¶909 SOLE PROPRIETORSHIP

A sole proprietorship does not have a legal status that is separate and distinct from its owner. The owner is fully responsible for all business liabilities. A sole proprietor must obtain a permit if he or she is not a citizen of the European Economic Area (EEA) or Switzerland – see ¶918.

¶910 BRANCHES

A Belgian or a foreign company can set up an economic entity (branch) in Belgium separate from the parent company without forming a Belgian subsidiary. As a branch is an extension of a domestic or foreign company and not a separate legal entity in its own right, all responsibility for any liability in Belgium lies with the parent.

¶911 CO-OPERATIVE SOCIETIES

A co-operative society is a legal entity with at least three members, composed of a variable number of associates. The contributions of the members are not required to be uniform. This kind of society has two possible forms:

- A limited company (*coöperatieve vennootschap met beperkte aansprakelijkheid* / *société coopérative à responsabilité limitée*), and
- An ordinary co-operative company (*coöperatieve vennootschap onder hoofdelijke aansprakelijkheid* / *société coopérative à responsabilité illimitée*).

The first has all the characteristics of a BVBA/SPRL. The second is a very simple company without a minimum capital requirement, but all shareholders are jointly responsible for the company's liabilities.

The advantage of these companies is their ability to have both fixed and variable share capital. The variable share capital makes it easier for shareholders to join or leave the company.

¶912 AUDIT AND ACCOUNTING REQUIREMENTS

All Belgian companies and branches must keep accounts and records in accordance with the Belgian Companies Code. These documents must be drawn up in one of the three official languages, depending on the region where the business is located. Financial statements must be expressed in euro.

Financial statements produced in Belgium follow Belgian GAAP. The financial statements of large companies, however, must comply with the EU Fourth Directive or International Accounting Standards (IAS), using International Financial Reporting Standards (IFRS).

The audit and accounting requirements for small companies are simpler. A company is small if it does not exceed more than one of the following criteria:

- An annual average of 50 employees
- Annual turnover of €9m (excluding VAT)
- Assets totalling €4.5m.

All companies (except for small companies) are obliged to appoint an auditor.

If a company has more than 100 employees, it cannot qualify as a small company.

¶913 FILING REQUIREMENTS

Belgian companies must file their (audited, if required) financial statements annually with the National Bank of Belgium (NBB). These

reports must be filed within seven months of the financial year end and within 30 days after the general shareholders meeting.

In order to open a Belgian branch, a company must translate and file its financial statements with the NBB. The company must also file with the Court of Commerce certain documents and sworn translations relating to, for example, its articles of association and the legal representation of the parent company.

FINANCE AND INVESTMENT

¶914 EXCHANGE CONTROL

The Belgian government does not impose exchange controls.

¶915 BANKING AND SOURCES OF FINANCE

All major banks and financial institutions operate in Belgium. They offer short-, medium- and long-term loans with negotiable repayment terms and conditions, and either fixed or variable interest rates. Most banks also have departments that specialise in leasing, factoring and investments, among other financial services.

Funding can also be accessed through venture capital firms and private equity investment funds.

Euronext is the first fully integrated European market for bonds, equities, derivatives and commodities, spanning Belgium, France, the Netherlands, Portugal and the UK. Consequently, growing companies have more opportunities to raise capital through listing on Euronext.

¶916 INVESTMENT INCENTIVES AND RESTRICTIONS

For business related incentives, see ¶906.

There are generally no restrictions on foreign business investment in Belgium.

EMPLOYMENT REGULATIONS

For employment tax considerations, see ¶902.

¶917 GENERAL EMPLOYMENT MATTERS

¶917.1 Employment law

Belgian employment law includes extensive provisions that protect workers and employers. In addition, collective agreements (*collectieve*

arbeidsovereenkomsten / conventions collectives de travail) are negotiated at national, industry and company level. These agreements are mainly concerned with working conditions and pay.

General working conditions (e.g. hours of work, payment of wages and annual holidays) are detailed in the work regulations (*arbeidsreglement / reglement de travail*). This is a document that sets out the rights and obligations of workers and employers. It also provides workers with information about how the company or institution employing them operates and how work is organised there. The regulations are negotiated by employee representatives and the employer, and are governed by Belgian employment legislation. A copy of the regulations must be given to every employee and the regulations must be readily available at all places of work.

The maximum working hours in Belgium are generally 8 hours per day and 38 hours per week (annual average). Flexible working hours can be negotiated between employer and employee. In this case, the maximum working hours cannot exceed 9 hours per day and 45 hours per week.

Overtime hours are permitted in certain cases, but total hours must not exceed, on average, 11 per day and 50 per week. Hourly pay is increased by 50% (100% on Sundays and public holidays) for hours worked in excess of 9 per day.

The statutory annual paid holiday period is based on the number of days worked in the previous year. The annual leave entitlement is 20 days based on a five-day working week, plus public holidays.

¶917.2 Employment contract

Contracts of employment for an unlimited period do not need to be in writing. For contracts with a limited duration, a written contract is necessary. If there is no provision for the duration of the contract, it is assumed to be of unlimited duration.

A written contract of employment should generally include:

- A start date and, if necessary, an end date
- A job description
- The place of work
- The work schedule
- The agreed wage and how it is calculated
- Other terms of employment.

Both the employer and the employee may end the contract of employment at any time, but in order to protect the interests of both parties Belgian law imposes a number of rules concerning employment termination. These rules are complicated and differ according to the employee's personal status and the nature of the agreement. It is recommended that a written contract is drawn up to clarify the rights and obligations of both employer and employee.

¶1917.3 Staff representation

Belgium has three trade unions recognised as representative organisations: the ACV-CSC (Christian), the ABVV-FGTB (Socialist) and the ACLVB-CGSLB (Liberal). These trade unions constitute the common front for all important actions and negotiations.

Works councils are created in companies that have an average of 100 or more employees on their payroll. Companies with an average of between 50 and 99 employees must have a committee for prevention and protection at work (CPPW). Both employees and employers are represented, but not necessarily in equal numbers. Social elections take place in the private sector every four years. During these elections, employees select their trade union representatives and their representatives in the works council and the CPPW. Employers' representatives are appointed from among the senior executives.

Works councils' and CPPWs' responsibilities are mostly informative and consultative. There are small matters on which they have decision-making powers, but these are few.

¶1918 VISAS AND PERMITS

Individuals from the EEA and Switzerland do not require a permit to work in Belgium, mainly under the terms of the Schengen agreement. All other foreign citizens require a permit.

If the working period in Belgium is going to exceed 90 days, a Visa D must also be obtained.

There are three types of work permit:

- Type A is valid for an unlimited period and for any professional activity as an employee. To obtain this type of permit, the applicant must generally have been working in Belgium with a Type E permit for at least four years.
- Type B is the most commonly granted permit. It limits the holder to work for only one employer for one year. It is renewable with the same employer, a different employer, or a different profession. Type B has to be filed by the employer, who must prove that no EU citizen can do the job in question, or that the availability on the employment market for that function is scarce.
- Type C applies to all paid forms of work. A limited number of non-EEA employees who do not have open-ended residence are eligible for this kind of permit. It is valid for one year, and is renewable.

A foreign employer who temporarily assigns an employee to work in Belgium must provide details to the Belgian Social Security Administration through a Limosa declaration. Information about this declaration is available on the website https://www.socialsecurity.bel/foreign/en/employer_limosa/home.html.

For other foreigners visiting Belgium for short stays (generally of up to 90 days in a six-month period), a visa may be required. Details of countries that are exempt from visa requirements, and further details of long stay visa requirements, can be found at http://diplomatie.belgium.be/en/services/travel_to_belgium/visa_for_belgium/

Belize

TAXATION

¶1000 CORPORATE INCOME TAXES

Income tax is imposed on the chargeable income of persons which is accrued in or derived from Belize (regardless of the place of receipt), subject to the terms of any relevant tax treaty.

The standard corporate income tax rate is 25%.

A business tax is also imposed on receipts, subject to exemptions. Receipts include all revenues of a person or entity undertaking a trade or business in Belize or practising a profession or vocation in Belize, without deductions, and whether received in Belize or elsewhere. The business tax rates vary from 0.75% to 25%. The general rate for receipts from trade or business is 1.75%. Business tax paid is credited against income tax payable. If the business tax liability exceeds the income tax liability, the excess may be carried forward as an expense to the next basis period.

A different tax regime applies to petroleum operations.

Unutilised trading losses can generally be carried forward for up to five years (restrictions may apply in cases of change of ownership or change of business). The Commissioner of Income Tax may extend this period by up to two years for enterprises in the agricultural sector. There are no provisions for the carry back of losses.

Group tax consolidation is not generally available in Belize; consequently losses cannot generally be offset against the profits of another company in the same group. However, companies that are part of a qualifying public investment company group (PIC Group) at the end of the basis year are taxed as a single company.

The year of assessment is the 12 month period beginning on 15 January of each year. The basis year generally coincides with the year of assessment. The Commissioner of Income Tax may permit a taxpayer to use a basis period which coincides with the taxpayer's accounting year.

Tax returns are generally due for filing by the last day of the third month following the end of the basis year. The tax return must include an estimated amount of tax payable. Advance payments of income tax are payable on a quarterly basis by the end of the third, sixth, ninth and twelfth months of the basis period. Each payment

should amount to 25% of the estimated tax liability for the current year, or 25% of the previous year's income tax liability. If the income tax liability exceeds the business tax liability and the tax return is filed by the deadline, the excess is remitted to the taxpayer by the Commissioner of Income Tax.

Business tax is payable on a monthly basis. A return of total receipts is due by the 15th day following the end of each month. The return must be accompanied by the estimated tax due for the period. Half-yearly and quarterly returns are permitted in certain circumstances.

¶1001 PERSONAL TAXES

Income tax is imposed on the chargeable income of persons which is accrued in or derived from Belize (regardless of the place of receipt), subject to the terms of any relevant tax treaty.

Individuals are subject to tax on their taxable income from employment and business at the rate of 25% (subject to exemptions, deductions and allowances).

Interest income from time deposits is subject to a final withholding tax at the rate of 5%. Winnings from lotteries and similar activities are subject to a final withholding tax at the rate of 15%.

Individuals undertaking business activities, self-employed individuals, and professionals, are subject to business tax (see "Corporate Income Taxes"). Business tax is not levied on employment income.

There are no separate inheritance or gift taxes.

There is no wealth tax.

¶1002 EMPLOYMENT RELATED COSTS AND TAXES

¶1002.1 Fringe benefits

There is no separate fringe benefits tax. Unless specifically exempt, the taxable value of benefits-in-kind form part of the taxable income of individuals and are subject to personal income tax.

¶1002.2 Social security costs

Employers and employees (payable by the employer on behalf of the employee) are generally required to make social security contributions in respect of employees who are in insurable employment (as defined). The contribution rates vary depending on the employee's weekly insurable earnings (which are related to the employee's actual weekly earnings).

¶1003 WITHHOLDING TAXES ON PAYMENTS ABROAD

The rates of withholding tax on the following payments made abroad are generally:

	Rate
Dividends	15% (certain dividend payments are exempt)
Interest	15% (certain interest payments are exempt)
Royalties and commissions	N/A
Management fees, rental fees for plant/equipment, fees for technical service fees, and insurance premiums	25%

For payments made to recipients in countries with which Belize has a double tax treaty, the rates of withholding tax may be reduced under the terms of the treaty.

¶1004 GENERAL SALES TAX (GST)

GST is generally levied on taxable supplies of goods and services in Belize and on taxable importations of goods.

The standard GST rate is 12.5%. A 0% rate applies to certain supplies, including exports and unprocessed food for human consumption. Certain supplies are GST exempt, including certain financial services, residential accommodation supplies, residential real property sales (excluding new residential real property), educational supplies, certain medicines and medical supplies, certain agricultural supplies, accommodation services, certain domestic public passenger transportation services, and international transportation of passengers or goods.

GST registration is required if the value of supplies in the preceding 12 months meets or exceeds BZD75,000, or if the value of supplies in the next 12 months is expected to meet or exceed BZD75,000. There is no registration threshold for promoters of public entertainment and licensees and proprietors of places of public entertainment. Traders can apply for GST registration voluntarily if compulsory registration does not apply if 80% or more of the trader's supplies would be made to taxable persons.

Registered traders can generally recover the GST with which they themselves are charged on their purchases of goods and services, subject to conditions and possible exceptions.

¶1005 OTHER TAXES

¶1005.1 Stamp duties

Stamp duty is levied on certain documents, instruments, and transfers of land at varying rates, subject to exemptions.

¶1005.2 Land taxes

An annual land tax at the rate of 1% is imposed on the unimproved value (as defined) of agricultural land, suburban land, and beach land, subject to exemptions.

In addition to land tax, an annual speculation tax at the rate of 5% is imposed on the unimproved value (as defined) of all pieces or parcels of agricultural land, suburban land, and beach land exceeding 300 acres, subject to exemptions.

¶1005.3 Property taxes

Local authorities may levy rates and fees on real property and on holdings of real property, subject to exceptions.

¶1005.4 Excise taxes

Excise taxes are imposed on certain goods, including alcohol, alcoholic beverages, tobacco products, and aerated waters.

¶1005.5 Other taxes

Other taxes include hotel and tourist accommodation tax and environmental tax.

¶1006 TAX INCENTIVES FOR BUSINESSES**¶1006.1 Fiscal incentives**

Companies incorporated in Belize may apply to be an approved enterprise. Incentives available to approved enterprises include reduced income tax rates for a period generally not exceeding five years from the date that production commences. The tax holiday period may be renewed on application for a further term not exceeding 10 years. Duty exemptions for a period not exceeding 15 years are also available. The duty exemption period may be renewed on application for a further term not exceeding 10 years. A maximum reduced income tax rate period and duty exemption period of 25 years is available to companies engaged in agriculture, agro-industry, food processing, mariculture or manufacturing, if the operation is highly labour intensive and the production is strictly for export.

Small and medium sized enterprises (as defined) that obtain approved enterprise status do not benefit from reduced income tax rates, but do benefit from full or partial duty exemptions for a period of two years at a time (extendable to a maximum of five years).

Application and renewal fees may apply.

¶1006.2 Export processing zones (EPZ)

Qualifying EPZ businesses benefit from incentives, including:

- Exemptions from income tax, business tax, and withholding taxes for the first 20 years of operation (which may be extended)
- Dividend withholding tax exemption
- Property and land tax exemptions in respect of real property in an EPZ
- Tax and duty free imports and exports, and
- Licence exemptions.

¶1006.3 Commercial free zones

Qualifying businesses operating in a commercial free zone benefit from incentives, including:

- Exemptions from income tax and withholding taxes for the first 10 years of operations (reduced income tax rates apply thereafter)
- Dividend withholding tax exemption for the first 20 years of operation
- Tax and duty free imports and exports
- Stamp duty exemptions, and
- Licence exemptions.

¶1006.4 International business companies

International business companies are exempt from the provisions of the Income and Business Tax Act in respect of:

- All income
- Dividends and other distributions paid by the company to non-residents
- Interest, rent, royalties, compensations, and other amounts paid by the company to non-residents, and
- Capital gains realised by non-residents in respect of any shares, debt obligations, or other securities of the company.

Stamp duty exemptions also apply.

¶1006.5 Shipping businesses

Non-resident shipping businesses are exempt from tax on their income and gains on the basis of reciprocity.

FORMS OF DOING BUSINESS

Business forms available in Belize include companies, international business companies, partnerships, overseas companies, and sole proprietorships. Co-operative societies, protected cell companies, international foundations, international limited liability companies, international foundations and international limited liability companies are also available.

¶1007 COMPANIES

¶1007.1 Companies

A private company may be formed by one or more persons. A public company may be formed by seven or more persons. The company may be:

- Limited by shares – where the liability of members is limited to the amount unpaid on the shares held by them;
- Limited by guarantee – where the liability of members is limited to an amount that the members have undertaken to contribute in the event of the company being wound up; or
- Unlimited – where the liability of members is unlimited.

A company is a private company if its articles of association:

- Restrict the right to transfer its shares;
- Limits the number of members to 50; and
- Prohibits public invitations for the subscription of the company's shares or debentures.

Companies are required to have a registered office in Belize to which all communications and notices can be addressed.

Companies are administered by the annual general meeting, and are managed by one or more directors. One or more auditors must also be appointed.

The company name may not be the same as the name of another company already registered, or so similar that it may deceive (unless the company is being dissolved and consents to the new company's use of the name).

Companies are required to file their memorandum of association and articles of association (if any) with the Registrar of Companies. The company becomes incorporated once the memorandum of association and the articles of association (if any) have been registered.

¶1007.2 International business companies

An international business company may be formed by one or more persons. The definition of person includes a trust, a deceased individual's estate, a partnership, or an unincorporated association of persons.

An international business company may not:

- Carry on business with Belize residents (as defined);
- Own an interest in real property in Belize (excluding certain leases);
- Carry on a banking business without being licensed to do so;
- Carry on an insurance or reinsurance business without being licensed to do so;
- Carry on the business of providing registered offices to companies;
- Carry on a trust business without being licensed to do so;

- Carry on collective investment schemes without being licensed to do so;
- Hold shares, stocks, debt obligations or any other securities in Belize companies; or
- Issue shares, stocks, debt obligations or any other securities to Belize residents or Belize companies (certain exceptions apply).

International business companies are required to have a registered office and a registered agent in Belize. Registered agents are required to hold a licence from the International Financial Services Commission.

International business companies are managed by a board of directors comprised of one or more directors.

An international business company may apply to be registered as a limited duration company.

If legislative requirements are satisfied, an international business company, or a company applying to be incorporated as an international business company, may apply to the Minister responsible for international financial services to be registered as a public investment company (PIC).

The name of an international business company may not be the same as the name of another company already registered, or so similar that it may deceive (unless the company consents to the use of the name). The company name must not include certain words, such as "Building Society", "Chamber of Commerce", or "Royal", unless written approval from the Registrar of International Business Companies has been obtained. The name must not be offensive, indecent, or otherwise considered objectionable by the Registrar of International Business Companies.

International business companies are required to file their memorandum of association and articles of association with the Registrar of International Business Companies. The company becomes incorporated once the memorandum of association and the articles of association have been registered in the Register of International Business Companies.

International business companies benefit from tax and stamp duty exemptions.

¶1008 PARTNERSHIPS

¶1008.1 Partnerships

A partnership (firm) may be formed by partners carrying on business in common with a view to making a profit. The partners are jointly and severally liable to an unlimited extent for the debts and obligations of the partnership.

Partnerships are subject to registration requirements.

¶1008.2 Limited liability partnerships

A limited liability partnership may be registered by persons who wish to carry on business with a view to making a profit. A limited liability partnership is a separate legal person (but not a body corporate). The partnership is liable for the debts and obligations of the business. The partners are not generally liable for the debts and obligations of the business.

A limited liability partnership is required to have a registered office in Belize.

An application for registration as a limited liability partnership must be made to the Registrar of limited liability partnerships.

¶1009 OVERSEAS COMPANIES

Companies incorporated outside of Belize may generally undertake business activities in Belize as an overseas company. An overseas company is required to file certain documentation and information with the Registrar of Companies within one month of establishing a place of business in Belize, including:

- A certified copy of the company's charter, statutes or memorandum and articles of association or other constituent instrument
- A list of the company's directors and secretary, and
- Names and addresses of one or more Belize resident persons who are authorized to accept notices and service of process on behalf of the company.

¶1010 SOLE PROPRIETORSHIPS

An individual may generally undertake business activities in Belize as a sole proprietorship. Sole proprietorships are subject to registration requirements.

¶1011 AUDIT AND ACCOUNTING REQUIREMENTS

Companies are required to keep accounts that include the assets and liabilities of the company, and the amounts of money expended and received by the company and the nature of the transactions. The directors are required to prepare an annual balance sheet and profit and loss account and present these to the annual general meeting.

International business companies are required to keep accounts and records reflecting the financial position of the company if this is deemed necessary or desirable by the director(s).

Limited liability partnerships are required to keep accounting records which disclose with reasonable accuracy the financial position of the partnership and are sufficient enough to show and explain its transactions. A limited liability partnership is not required to appoint an auditor or have its accounts audited.

Financial statements must generally be prepared in accordance with the International Financial Reporting Standards (IFRS) (mandatory for financial holding companies and for companies that are licensed (or required to be licensed) as a bank or financial institution under the Domestic Banks and Financial Institutions Act), IFRS for SMEs, or other internationally recognized standards.

Companies and other entities are required to keep their accounting records for a period of at least five years. Accounting records relating to suspicious transactions or a continuing investigation must be kept for the longer of five years or the end of the investigation. Records and books of account required for assessing tax must be kept for a period of at least six years (the Commissioner of Income Tax may provide written permission for earlier disposal).

¶1012 FILING REQUIREMENTS

Companies that are licensed (or required to be licensed) as a bank or financial institution under the Domestic Banks and Financial Institutions Act, and financial holding companies, are required to file their financial statements and certain other statements with the Central Bank of Belize when requested to do so.

Companies that are licensed (or required to be licensed) as a bank or financial institution under the Domestic Banks and Financial Institutions Act are required to file certain documentation, including the company's audited unconsolidated financial statements and the full auditor's report, with the Central Bank of Belize within four months of the end of the financial year (an extended filing deadline may be provided in writing by the Central Bank of Belize). Such companies are also required to publish copies of their audited unconsolidated financial statements and certification or opinion of the auditor in the Gazette and in a national newspaper.

Financial holding companies are required to file certain documentation, including the company's audited consolidated financial statements and the full auditor's report, with the Central Bank of Belize within four months of the end of the financial year (an extended filing deadline may be provided in writing by the Central Bank of Belize).

Overseas companies are required to file a balance sheet with the Registrar of Companies each calendar year.

FINANCE AND INVESTMENT

¶1013 EXCHANGE CONTROL

Exchange control in Belize is regulated by the Exchange Control Act and associated regulations.

Anti-money laundering and anti-terrorist financing legislation requires reporting entities (as defined) to establish and verify the identity of their customers and to report suspicious transactions to the Financial Intelligence Unit.

¶1013.1 Banking and Sources of Finance

The Central Bank of Belize is responsible for (among others) monetary policy and stability, managing foreign reserves, issuing national currency, and supervising and regulating the financial system. The Financial Sector Supervision department of the Central Bank of Belize supervises and regulates banks, credit unions and financial institutions.

Commercial banks operating in Belize provide the majority of financial services.

There are generally no restrictions on foreigners opening bank accounts in Belize (certain documentation and minimum deposit may be required). Foreign currency accounts are permitted in certain circumstances (e.g., for export earners or foreign investors).

There is no Belize stock exchange.

¶1013.2 Investment Incentives and Restrictions

There are generally no restrictions on foreign business investment in Belize.

EMPLOYMENT REGULATIONS

¶1014 GENERAL EMPLOYMENT MATTERS

¶1014.1 National employment standards

Legislation provides minimum rights and conditions of employment in Belize, including maximum daily and weekly working hours, paid annual vacation leave entitlement, paid sick leave entitlement, and maternity leave rights.

A contract of service may be concluded orally or in writing and may be for a fixed or indefinite term.

A probationary period applies for the first two weeks of employment. Either party may terminate the contract of service during the two week probationary period without notice. The employer and employee may agree to a probationary period that exceeds two weeks up to a maximum of six weeks.

A contract of service may be terminated in certain circumstances, including when a fixed term contract expires, death of either party, by agreement if certain conditions are satisfied, redundancy, or by termination by either party with notice. The notice period required to terminate a contract of service of indefinite duration varies depending

on the employee's length of continuous service. Either party may waive their right to notice, and an employer may terminate a contract of service without providing notice in certain circumstances, such as where the employee is guilty of misconduct. Employees who have been employed for five years or more are generally entitled to severance pay on the termination of a contract of service.

A minimum wage of BZD3.30 per hour applies to manual workers, shop assistants and domestic helpers. A minimum wage of BZD3 per hour applies to students working in establishments covered by the Shops Act.

¶1014.2 Pensions and other benefits

Social security contributions generally provide sickness benefits, maternity benefits, invalidity benefits, retirement benefits, funeral grants, and survivors' benefits.

¶1014.3 Visas

Citizens of a significant number of countries do not generally require a visa for short term visits to Belize. For citizens of other countries, a visa is generally required.

Foreigners wishing to work in Belize must apply for work permit.

For further information on visa requirements, visit www.mfa.gov.bz/index.php/what-we-do/consular-matters/belize-visa-information.

Foreigners may generally acquire real property in Belize on the same basis as Belizeans.

¶1014.4 Trade Unions

Trade unions may negotiate and conclude collective agreements with employers or employers' organizations. Employees have the right to form and join trade unions.

Bermuda

TAXATION

¶1100 CORPORATE INCOME TAXES

Bermuda does not levy taxes on corporate income.

¶1101 PERSONAL TAXES

Bermuda does not levy taxes on personal income.

¶1102 EMPLOYMENT RELATED COSTS AND TAXES

¶1102.1 Payroll tax

Employers and employees are generally required to make payroll tax contributions in respect of gross remuneration paid to employees, subject to exemptions. The salary ceiling for payroll tax contributions is annual remuneration of BMD900,000.

The rates for the employer portion of payroll tax are as follows:

Class of taxpayer	Tax rate 2017/18
Annual payroll over BMD1,000,000	10.25%
Annual payroll BMD500,000 or over up to BMD1,000,000	9%
Annual payroll BMD200,000 or over up to BMD500,000	7%
Annual payroll less than BMD200,000	1.75%
Exempt undertakings	10.25%
Hotels and restaurants with annual payroll BMD200,000 or over	6%
Taxi, farms, fishing; educational, sporting and scientific institutions	1.75%
Economic Empowerment Zone (for nine tax periods from the tax period in which the business is established)	0%
Bermuda Hospitals Board, Corporation of Hamilton and St. George	3.5%
Charities, schools; religious and cultural organizations	0%
Government, government boards, parish councils, Bermuda College	0%

The rates for the employee portion of payroll tax are as follows (subject to a transitional rate of 6% to June 30, 2017):

Annual gross earnings	Tax rate 2017/18
up to BMD48,000	4.75%
BMD48,001 to BMD96,000	5.75%
BMD96,001 to BMD235,000	7.75%
BMD235,001 and over	8.75%

¶1102.2 Social insurance costs

Employers and employees are generally required to make social insurance contributions, subject to exceptions. The total rate is BMD68.94 per week, which is divided equally between the employer and the employee. Employees aged over 65 are not required to contribute; however, the employer is still subject to their contribution in respect of such employees.

¶1103 WITHHOLDING TAXES ON PAYMENTS ABROAD

Bermuda does not impose withholding taxes.

¶1104 VALUE ADDED TAX (VAT)

There is no VAT or sales tax in Bermuda.

¶1105 OTHER TAXES

¶1105.1 Company and partnership fees

The following outlines the standard fees applicable to companies and partnerships. Different rates, additional fees, and exemptions may be applicable in certain circumstances.

Local companies limited by shares and other companies with a share capital are subject to a fee within one month of filing their memorandum of association with the Registrar of Companies, and annually by March 31 of each year, at the following rates:

Issued Capital	Fee
Less than BMD50,000	BMD650
BMD50,000 – less than BMD250,000	BMD970
BMD250,000 – less than BMD500,000	BMD1,620
BMD500,000 – less than BMD1m	BMD3,225
BMD1m – less than BMD5m	BMD6,445
BMD5m – less than BMD10m	BMD12,275
BMD10m or more	BMD18,410

Local companies operating in Bermuda under a licence are required to pay a fee of BMD1,000 upon issue of the licence, and an annual fee of BMD1,000 payable by January 31 of each year.

Exempted companies are subject to a fee at the time of filing their memorandum of association with the Registrar of Companies, and annually by January 31 of each year, at the following rates:

Assessable Capital	Fee
Up to BMD12,000	BMD1,995
BMD12,001 – BMD120,000	BMD4,070
BMD120,001 – BMD1.2m	BMD6,275
BMD1,200,001 – BMD12m	BMD8,360
BMD12,000,001 – BMD100m	BMD10,455
BMD100,000,001 – BMD500m	BMD18,670
BMD500,000,001 or more	BMD31,120

Overseas companies are subject to a fee before commencing trade or business in Bermuda, and annually by March 31 of each year, at the following rates:

Type of Business	Fee
Principally finance or insurance, or an open-ended mutual fund	BMD4,125
Other businesses	BMD1,995

Local, exempted and overseas companies whose business involves the wholesale trading of petroleum and other oil or liquefied petroleum gas are subject to an annual fee of BMD18,410 for local companies, and BMD19,330 for exempted and overseas companies.

Local, exempted and overseas companies that manage unit trust schemes are subject to an annual fee of BMD2,905 per managed unit trust scheme.

Exempted partnerships are subject to a fee at the time of registration, and annually by January 31 of each year, at the rate of BMD2,235.

Overseas partnerships are subject to a fee of BMD265 at the time of registration of the permit, and a fee of BMD2,235 annually by January 31 of each year.

¶1105.2 Stamp duty

Stamp duty is levied at varying rates on certain instruments and certain bills of exchange or promissory notes, subject to exemptions.

¶1105.3 Land tax

Land tax is generally levied on the annual rental value of each valuation unit of land, buildings and parts of buildings that are or can be occupied as a separate unit, subject to exemptions. The tax rate for commercial properties is 7%. The tax rates for private properties are progressive and range from 0.8% to 47%.

¶1105.4 Corporate services tax

Corporate services tax at the rate of 7% is generally imposed on corporate service providers in respect of their gross income from the provision of services to exempted undertakings.

¶1105.5 Financial services tax

From April 1, 2017, financial services tax (FST) is charged quarterly on the following providers:

- banks: 0.005% of consolidated gross assets at the end of a tax period
- domestic insurers: 2.5% of gross premiums in a tax period (excluding those relating solely to health insurance)
- money service businesses: 1% of aggregated incoming and outgoing money transmission in a tax period.

¶1105.6 Hotel occupancy tax

Hotel occupancy tax at the rate of 7.25% is generally imposed on hotel proprietors in respect of the "rack rate charge" of each guest, subject to exemptions. The rack rate charge is the accommodation charge, including meals where these are not charged separately.

¶1105.7 Excise taxes

Bermuda does not levy excise taxes.

¶1105.8 Other taxes

Other taxes include foreign currency purchase tax, betting duty, time-sharing services tax, timesharing occupancy tax, passenger departure tax, passenger cabin tax, and yacht arrival tax.

¶1106 TAX INCENTIVES FOR BUSINESSES

The Exempted Undertakings Tax Protection Act 1966 permits the Minister of Finance to enter into agreements with exempted undertakings to assure such companies that any enacted legislation regarding the taxation of profits, income, or capital asset gains/appreciation will not apply to them. Such assurances are for a period of time determined by the Minister of Finance, but may not extend beyond March 31, 2035.

The following are classified as exempted undertakings:

- Exempted companies
- Exempted partnerships, and
- Exempted unit trust schemes.

FORMS OF DOING BUSINESS

Companies in Bermuda may be limited by shares, limited by guarantee, or unlimited. Companies are further categorised as local companies, exempted companies, overseas companies, mutual companies, and mutual fund companies. Other business forms include partnerships and trusts.

For the fees applicable to companies and partnerships, see ¶1105.1.

¶1107 COMPANIES

A company is generally formed by one or more persons by subscribing to the company's memorandum of association. The company forms available are:

- Companies limited by shares – where the liability of members is limited to the amount unpaid on the shares held by them
- Companies limited by guarantee – where the liability of members is limited to the amount that the member has undertaken to contribute if the company is wound up, and
- Unlimited liability companies – where the liability of members is unlimited.

A company limited by guarantee may only be formed if the company:

- Is formed to promote art, science, religion, charity, sport, education or any other social or useful purpose and profits and income are used to promote the company and dividends are not paid
- Is a mutual company, or
- Is exempted in accordance with the Trusts (Regulation of Trust Business) Act 2001.

The minimum share capital for a company registered under the Companies Act 1981 is generally BRD12,000. For mutual fund companies, the minimum share capital requirement is BRD1. The

minimum share capital requirement for insurance companies is determined by the Insurance Act 1978 and varies depending on the class of insurer.

Companies are administered by annual general meetings of the members (although the company may elect not to hold annual general meetings), and are managed by one or more directors. One or more auditors must be appointed unless all of the members and directors of the company agree that no auditor is to be appointed.

The name of the company must meet certain conditions. For example, the company name must not generally:

- Be undesirable
- Be identical to the name of another company already registered or incorporated
- Be so similar to the name of another company already registered or incorporated that it may deceive, or
- Contain certain words, including "Chamber of Commerce", "municipal", "chartered", "co-operative" or "building society".

¶1107.1 Local companies

A local company is defined as a company incorporated in Bermuda that is not an exempted company. The following local companies may conduct business in Bermuda:

- Companies controlled by Bermudians (as defined) and their wholly-owned subsidiaries
- The Shell Company of Bermuda Limited
- Companies that are licensed in accordance with legislation and are carrying on business in accordance with the licence (and their wholly-owned subsidiaries), and
- Companies whose shares are listed on a recognised stock exchange that is materially engaged in business in a prescribed industry (and their wholly-owned subsidiaries).

Local companies wishing to apply for a licence to carry on business in Bermuda are required to submit an application to the relevant Minister. The granting of a licence is subject to the discretion of the relevant Minister. If granted, the terms, conditions and duration of the licence are determined by the relevant Minister.

¶1107.2 Exempted companies

An exempted company is defined as a company that is not a local company and which:

- Was recognised as an exempted company on June 30, 1983
- Is registered under the Companies Act 1981 and it is stated in the company's memorandum of association that it is an exempted company, or

- Is incorporated after June 30, 1983 by a private Act, and the private Act incorporating the company declares that it is an exempted company.

Exempted companies are exempted undertakings under the Exempted Undertakings Tax Protection Act 1966. This Act permits the Minister of Finance to enter into agreements with exempted undertakings to assure such companies that any enacted legislation regarding the taxation of profits, income, or capital asset gains/appreciation will not apply to them. Such assurances are for a period of time determined by the Minister of Finance, but may not extend beyond March 31, 2035.

Exempted companies may not generally carry on business in Bermuda. Limited exceptions to this rule are prescribed by legislation and include:

- Business carried on with persons outside of Bermuda
- Business carried on with exempted undertakings for the furtherance of the business carried on outside Bermuda
- Dealings in shares, bonds, debenture stock obligations, mortgages or other securities or investments issued or created by an exempted undertaking, a local company, or a partnership which is not an exempted undertaking
- Banking business in Bermuda undertaken with a bank licensed under the Banks and Deposit Companies Act
- Contracts concluded or effected in Bermuda required for carrying on business outside of Bermuda, and
- Business carried on in reinsuring risks by companies incorporated in Bermuda that have permission to undertake business in insurance and reinsurance.

Exempted companies do not require a licence to undertake certain business activities, including those listed above, business conducted by registered insurance managers or brokers, and certain trust businesses. In other cases, exempted companies require a licence in order to carry on business in Bermuda (licences will not be granted for retail trade in Bermuda). The granting of a licence is subject to the discretion of the relevant Minister. If granted, the terms, conditions and duration of the licence are determined by the relevant Minister.

Exempted companies are required to have a least one director ordinarily resident in Bermuda, a secretary ordinarily resident in Bermuda (individual or company), and a regional representative ordinarily resident in Bermuda (individual or company).

¶1107.3 Overseas companies

An overseas company may not be engaged in or carry on trade or business in Bermuda without a permit issued by the relevant Minister. Certain mutual funds are exempt from the permit requirement.

Overseas companies may not generally carry on business in Bermuda. Limited exceptions to this rule are prescribed by legislation and include those that apply to exempted companies (see ¶1109.2).

The granting of a permit is subject to the discretion of the relevant Minister. If granted, the terms, conditions and duration of the permit are determined by the relevant Minister.

Overseas companies operating under a permit are required to appoint and maintain a principal representative in Bermuda.

¶1107.4 Mutual companies

A mutual company is defined as a company (other than a company limited by shares or other company with a share capital) authorised to engage in or carry on the business of insurance or reinsurance as its principal business on the mutual principle. Mutual companies are required to create and maintain a reserve fund.

¶1107.5 Mutual fund companies

A mutual fund company is defined as a company limited by shares, or other company with share capital which is incorporated for investing the money of its members for their mutual benefit and has the power to redeem or purchase its shares for cancellation without reducing authorized share capital. The memorandum of association of a mutual fund company must state that it is a mutual fund.

¶1108 PARTNERSHIPS

¶1108.1 General partnerships

A general partnership may be formed by partners to conduct business activities for the purpose of making a profit. Partners are jointly and severally liable to an unlimited extent for the debts and obligations of the partnership. A general partnership may elect to be a separate legal entity. If this election is made, a declaration to this effect must be filed with the Registrar of Companies.

¶1108.2 Limited partnerships

A limited partnership may be formed by at least one general partner and at least one limited partner. General partners are jointly and severally liable to an unlimited extent for the debts and obligations of the partnership. The liability of limited partners is generally limited to the amount of their agreed contribution. Limited partners that take part in the management of the partnership become liable for the debts and obligations of the partnership as if they were general partners.

¶1108.3 Exempted partnerships

An exempted partnership is a partnership where at least one of the partners is:

- An individual without Bermudian status;
- A company which is not a local company; or
- Is not otherwise Bermudian.

An exempted partnership is a partnership where at least one of the partners is:

- An individual without Bermudian status
- A company which is not a local company, or
- Is not otherwise Bermudian.

Exempted partnerships qualify as exempted undertakings under the Exempted Undertakings Tax Protection Act 1966. This Act permits the Minister of Finance to enter into agreements with exempted undertakings to assure such partnerships that any enacted legislation regarding the taxation of profits, income, or capital asset gains/appreciation will not apply to them. Such assurances are for a period of time determined by the Minister of Finance, but may not extend beyond March 31, 2035.

An application to be registered as an exempted partnership must generally be made to the Bermuda Monetary Authority (BMA) (certain exceptions apply). The BMA has the right to grant or refuse the application.

Exempted partnerships may not generally carry on business in Bermuda. Limited exceptions to this rule are prescribed by legislation and include those that apply to exempted companies (see ¶1107.2) (excluding the exception for business carried on in reinsuring risks).

Exempted partnerships are required to appoint and maintain a Bermudian resident representative.

¶1108.4 Overseas partnerships

An overseas partnership may not engage in or carry on trade or business in Bermuda without a permit issued by the relevant Minister. Certain partnership funds are exempt from the permit requirement.

The granting of a permit is subject to the discretion of the relevant Minister. If granted, the terms, conditions and duration of the permit are determined by the relevant Minister.

Overseas partnerships may not generally carry on business in Bermuda. Limited exceptions to this rule are prescribed by legislation and include those that apply to exempted companies (see ¶1108.2) (excluding the exception for business carried on in reinsuring risks).

Overseas partnerships operating under a permit are required to appoint and maintain a Bermudian resident representative.

¶1109 BUSINESS TRUSTS

Business trusts in Bermuda are regulated by the Trusts (Regulation of Trust Business) Act 2001.

¶1110 AUDIT AND ACCOUNTING REQUIREMENTS

Companies are required to keep proper accounting records relating to (i) sums received and spent and what they relate to, (ii) sales and purchases of goods, and (iii) assets and liabilities. Partnerships are also required to keep proper accounting records.

Financial statements must include:

- Statement of the results of operations
- Statement of retained earnings or deficit
- Balance sheet
- Statement of changes of equity or cash flow, and
- Notes.

Financial statements may generally be prepared in accordance with the accounting standards of Bermuda or of any other jurisdiction. The use of International Financial Reporting Standards (IFRS) and IFRS for SMEs is permitted.

Companies that have appointed an auditor (see ¶1108) are required to have their financial statements audited by the appointed auditor.

Accounting records must be kept for a least five years from the date of preparation.

¶1111 FILING REQUIREMENTS

By March 31 of each year (and within one month of filing the memorandum of association), local companies are required to file a declaration with the Registrar of Companies containing information about the issued capital of the company as at January 1, or what the issued capital will be when the company commences business. Local companies that manage unit trust schemes are also required to state how many unit trusts are managed by the company as at 1 January. By the same deadline, local companies are also required to pay the appropriate fee (if applicable) and annual tax (unless exempt).

In January of each year (and on filing the memorandum of association), exempted companies are required to file a declaration with the Registrar of Companies stating the principal business of the company and other information prescribed by legislation. Exempted companies that intend to manage unit trust schemes are also required to state how many unit trusts the company intends to manage. By the same deadline, exempted companies are also required to pay the appropriate fee.

For the fees applicable to companies, see ¶1105.1.

FINANCE AND INVESTMENT

¶1112 EXCHANGE CONTROL

Companies and partnerships that are deemed non-resident (ie exempted and overseas companies and partnerships) are not subject to exchange controls. Bermudian residents are subject to exchange controls under the Exchange Control Act.

Anti-money laundering (AML) and anti-terrorist financing (ATF) regulations require AML/ATF regulated financial institutions, independent professionals, casino operators, dealers in high value goods registered with the Financial Intelligence Agency (FIA), and real estate agents to undertake customer due diligence and to report suspicious transactions to the FIA.

¶1113 BANKING AND SOURCES OF FINANCE

The Bermuda Monetary Authority (BMA) is responsible for (amongst others) the management of exchange control transactions, developing financial regulations, and issuing national currency. The BMA is the supervisor and regulator of financial institutions and of the Bermuda Stock Exchange (BSX).

There are four licensed banks operating in Bermuda which provide the majority of financial services.

There are generally no restrictions on foreigners opening bank accounts in Bermuda (certain documentation and a minimum deposit may be required), or on accounts containing foreign currency.

The Bermuda Stock Exchange (BSX) provides a marketplace for listing and exchanging securities.

¶1114 INVESTMENT INCENTIVES AND RESTRICTIONS

For business related incentives, see ¶1107.

Companies are not permitted to undertake business in the trafficking of military arms and equipment. Lotteries, gambling activities, and activities involving controlled drugs may only be conducted if authorised by legislation.

EMPLOYMENT REGULATIONS

For employment tax considerations, see ¶1102.

¶1115 GENERAL EMPLOYMENT MATTERS

¶1115.1 National employment standards

Legislation provides minimum rights and conditions of employment in Bermuda (certain exclusions apply), including rest periods, paid annual leave entitlement, paid public holiday entitlement, paid sick leave entitlement, and maternity leave rights.

An employer is required to provide a written statement of employment to employees within one week of commencing employment. The written statement must be signed and dated by the employer and the employee and must include:

- Full names of the employer and the employee
- Date of commencement of employment
- Job title and brief description of work
- Place or places of work
- Gross wage, or the method of calculating gross wage, and payment intervals
- Normal working hours and days
- Holiday entitlement
- Terms relating to an inability to work due to sickness or injury and details of sick leave entitlement
- Notice periods required to terminate the contract of employment
- Details of any provided pension
- Applicable disciplinary and grievance procedures
- Contract end date for fixed term contracts, or expected period of the contract for contracts not meant to be permanent
- Probationary period (if applicable)
- Dress code (if applicable), and
- Details of any collective agreement that affects the terms and conditions of employment.

An employer or employee may terminate a contract of employment during a probationary period for any reason without providing notice.

Unless otherwise provided by legislation, an employer may only terminate a contract of employment for a valid reason relating to the ability, performance or conduct of the employee, or relating to the operational requirements of the business. The minimum statutory notice periods vary depending on the employee's pay frequency. An employer is not required to provide notice in certain circumstances, such as in cases of summary dismissal or where the employee has reached retirement age. An employee may terminate a contract of employment for any reason

by providing the relevant notice period. An employer may pay wages in lieu of notice. On termination of the employment contract, employees who have been employed for at least one continuous year are generally entitled to a severance allowance.

¶1115.2 Pensions and other benefits

Social insurance contributions (see ¶1103.2) provide pension benefits, disability benefits, widow/widower benefits, and benefits for survivors.

¶1116 VISAS

Citizens of the United Kingdom, the United States, and Canada do not require a visa in order to visit Bermuda. Citizens of other countries do not generally require a visa for visits to Bermuda if they have a valid multi-re-entry visa (MRV) for the United Kingdom, the United States, or Canada.

Restricted persons generally require a licence in order to hold or acquire land in Bermuda. The following are classed as restricted persons:

- Individuals without Bermudian status
- Exempted companies and corporations incorporated outside of Bermuda, and
- Overseas partnerships, exempted partnerships and certain other partnerships.

Restricted persons also include entities and groups of persons comprised of, controlled by, or owned by, the restricted persons listed above.

Legislation prescribes the conditions under which companies and partnerships may lease land in Bermuda for business purposes.

¶1117 TRADE UNIONS

Trade unions may negotiate and conclude collective agreements with employers or employers' organisations.

Netherlands

TAXATION

¶16000 CORPORATE INCOME TAXES

Resident companies, generally defined as those managed in the Netherlands or those incorporated under Dutch law, are generally taxed on their worldwide income.

Other companies are generally taxed on their Dutch source income.

The corporate income tax rate is 20% on taxable income of up to €200,000, and 25% on taxable income in excess of €200,000.

Capital gains are generally included in taxable income and taxed accordingly, subject to exemptions.

Dividends and capital gains received by Dutch companies may be exempt from corporate income tax under the participation exemption. To qualify, certain conditions must be satisfied, including the requirement that the parent company holds at least 5% of the subsidiary's share capital. The participation exemption may not apply if the parent company's holding is deemed to be a portfolio investment (as defined) unless other conditions are satisfied. Portfolio investment holdings that are not eligible for the participation exemption may be eligible for a tax credit.

Losses may generally be carried back to the preceding year and offset against past profits, or carried forward for nine years and offset against future profits. Loss carry forward may be restricted if there has been a substantial change in the activities of the business or in the company's shareholders, in respect of certain finance and holding companies, and in other specific circumstances.

There is a tax consolidation facility under which a Dutch parent company and its at least 95% owned EEA-resident subsidiaries (at least 95% of share capital, voting rights, profits and assets) or where two or more Dutch sister companies are owned under the same conditions by a parent company established in the EEA may apply to be taxed as a single fiscal unity filing a single tax return (subject to the satisfaction of further conditions). This also provides a pooling of profits and losses.

The tax year ends on December 31. Companies may generally use a different accounting period if this is stated in the company's articles of association. Tax returns are generally due for filing five months after the end of the tax year. Companies may request an extended filing date.

The tax authority generally issues a provisional tax assessment to companies during the tax year. Companies are generally required to make provisional payments of corporate income tax based on this assessment for the remainder of the tax year in equal monthly instalments, beginning one month after the date of the provisional assessment. However, if the provisional assessment would result in only one monthly instalment, the provisionally assessed corporate income tax is instead generally payable six weeks after the date of assessment. The tax authority will then make a final tax assessment. Any remaining corporate income tax due is payable by the deadline indicated in the assessment, which is generally six weeks after the date of assessment.

¶6001 PERSONAL TAXES

Resident individuals are subject to income tax on their worldwide income.

Non-resident individuals are subject to income tax on Dutch source income that falls within the three income boxes (below), with some exceptions and subject to the terms of any relevant double tax treaty.

Non-residents residing in an EU member state, or in a country with which the Netherlands has an effective double tax treaty including information exchange provisions, may opt to be treated as Dutch resident taxpayers. Such taxpayers may then apply Dutch tax deductions etc. Individuals are taxed at different rates, depending on which "box" their income falls within:

- Box 1 - taxable income from work and home ownership
- Box 2 - taxable income from substantial interests
- Box 3 - taxable income from savings and investments.

¶6001.1 Box 1

The rates of tax for box 1 income for the fiscal year 2017 are (subject to deductions and allowances):

Taxable Income	Tax Rate
Up to €19,982	36.55%*
Over €19,982 - €33,791	40.8%*
Over €33,791 - €67,072	40.8%
Over €67,072	52%

* The two lowest income brackets include national insurance contributions at a rate of 27.65% for those that have not reached pensionable age, and at a rate of 10.25% for those that have reached pensionable age. Pensioners born before 1 January 1946 are also subject to slightly different income brackets. National insurance contributions are in addition to employee social security contributions, see "Payroll and social security taxes".

¶6001.2 Box 2

The rate of tax for box 2 income is 25%, subject to deductions and allowances.

Box 2 income generally includes income such as dividends and capital gains from substantial interests (generally at least 5%). Dividends from substantial interests paid to an individual by a company are generally subject to a 15% withholding tax, which can be offset against box 2 taxable income.

¶6001.3 Box 3

Income from savings and investments is taxed at 1.63% and 5.39%, distributed as follows:

Taxable Income	proportion taxed at 1.63%	proportion taxed at 5.39%
Up to €75,000	67%	33%
Over €75,000- €975,000	21%	79%
Over €975,000	0%	100%

Net capital (assets minus debts) must be valued on January 1 each year.

¶6001.4 Inheritance and gift tax

The Netherlands imposes tax on the value of inheritance property and gifts received from a Dutch resident (and certain former residents). The rates of tax applicable to inheritance and gift amounts received in excess of applicable exemption thresholds generally range from 10% to 40%.

¶6001.5 30% rule

Certain non-resident taxpayers that become resident taxpayers may opt to be treated under the so-called "30% rule". Generally, the taxpayer must meet certain conditions, including the possession of specific expertise and the satisfaction of a minimum distance criterion. Under this rule, a qualifying taxpayer generally obtains 30% of gross salary tax free from their employer to cover extraterritorial costs. The 30% rule generally applies for a maximum of eight years.

An employee qualifying for the 30% rule may alternatively opt to be taxed as a partial non-resident. The employee is then treated as a resident taxpayer for box 1 income, and as a non-resident taxpayer for box 2 and box 3 income.

¶6002 EMPLOYMENT RELATED COSTS AND TAXES

¶6002.1 Fringe benefits

There is no fringe benefits tax in the Netherlands. Fringe benefits are generally included in taxable income, subject to exceptions.

¶6002.2 Payroll and social security taxes

Payroll taxes consist of wage tax/national insurance contributions, employee social security contributions and income-dependent Health Care Insurance Act contributions. Employers are required to deduct wage tax/national insurance contributions from employee salaries. Employee social security contributions and income dependent health care insurance contributions (ZVW) are paid by the employer. The employer files a monthly tax return and pays the indebted wage tax and social security contributions to the Tax Administration.

Social security premium rates and bases differ depending on the type of business. Employee social security schemes include Unemployment Insurance (WW), Sickness Benefits (ZW), Invalidity Insurance (WAO) and Work and Income (Capacity for Work) Insurance (WIA).

¶6003 WITHHOLDING TAXES ON PAYMENTS ABROAD

Dividends paid abroad are generally subject to withholding tax at the rate of 15%, subject to a possible reduction for payments made to recipients in countries with which the Netherlands has a double tax treaty. There is generally no withholding tax on royalties or interest paid abroad, except for interest on profit-sharing bonds.

Dividends may be exempt from tax under the participation exemption (see "Corporate Income Taxes").

¶6004 VALUE ADDED TAX (VAT)

VAT is levied on the supply of goods and services in the Netherlands and on the importation and intra-Community acquisition of goods into the Netherlands.

Trading entities must generally charge their customers VAT of 21% on the value of their supplies. A reduced VAT rate of 6% applies to specific goods and services, including certain medicines, books and hotel accommodation. A 0% rate applies to certain other goods and services, including exported goods and gold supplied to the central bank. Certain supplies are VAT exempt, including certain healthcare services, supplies of immovable property and insurance transactions. There is no VAT registration threshold. Registered traders can generally recover the VAT with which they themselves are charged on their purchases of goods and services, subject to conditions.

¶6005 OTHER TAXES

¶6005.1 Stamp duty

There is no stamp duty in the Netherlands.

¶6005.2 Property tax

Immovable property tax is generally payable on an annual basis. Rates are determined by the municipality in which the property is situated and are applied to the assessed market value (WOZ value) of the property. Exemptions are available for certain types of immovable property, including certain agricultural land and nature conservation areas (as defined).

¶6005.3 Transfer tax

Transfer tax is generally levied on transfers of immovable property at a rate of 6%, subject to exemptions. The tax rate is reduced to 2% for transfers of residential homes. The tax is generally payable by the purchaser.

¶6005.4 Excise taxes

Excise taxes are generally imposed on alcohol, tobacco and mineral oils (such as petrol, diesel and LPG).

¶6005.5 Insurance tax

Insurance premiums relating to risks in the Netherlands (as defined) are generally taxed, subject to exemptions. The insurer must generally withhold this tax and transfer it to the tax administration. The tax rate is 21% of the premium, including fees for associated services.

¶6005.6 Environmental taxes

The Netherlands imposes various environmental taxes, including those on tap water suppliers, gas and electricity suppliers, coal tax and waste tax, subject to exemptions.

¶6006 TAX INCENTIVES FOR BUSINESSES

¶6006.1 Research and development (R&D) tax credit

Tax credits are available, for salaries and other qualifying R&D expenditure, of 32% (40% for startups) for the first €350,000, and 16% for expenditure over €350,000.

¶6006.2 Innovation box

Royalties derived from self-developed patented intangible assets (excluding logos and trademarks) are generally subject to an effective tax rate of 5%, subject to the satisfaction of qualifying conditions.

¶6006.3 Other incentives

Additional reliefs are available for energy saving investments, environmental investments and certain other small-scale investments.

FORMS OF DOING BUSINESS

The most popular type of business entity in the Netherlands is the limited liability company. Other types of business entities include partnerships, branches, sole proprietorships and joint ventures.

It is not a mandatory requirement that foreigners doing business in the Netherlands establish a company, and foreign enterprises can operate in the Netherlands utilising a branch structure (see ¶6011).

¶6007 COMPANIES

There are primarily two types of limited liability company: the private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid* or BV) and the public limited liability company (*naamloze vennootschap* or NV). Limited liability companies are separate legal entities.

Limited liability companies can be formed by one or more individuals or legal entities, which must be incorporated by notary deed. There is no minimum issued and paid up share capital requirement for a BV. Capital contributions can be in cash or in kind. The minimum issued and paid up share capital requirement for an NV is EUR45,000, which can be in cash or in kind. The issued and paid up share capital of an NV must amount to at least 20% of the total registered capital. BVs are prohibited from issuing bearer shares and shares cannot freely be transferred. The shares of an NV may be freely transferred or listed on a stock exchange.

The liability of the shareholders is generally limited to their capital contribution. Directors and shareholders with a decision making influence may be liable for the company's debts/liabilities (jointly and severally) in certain circumstances, such as in cases of poor/negligent management (as defined). There are no nationality requirements for shareholders.

Limited liability companies must be registered with the Chamber of Commerce (KvK), with a company name that is not misleading and is clearly distinguishable from other entities already registered. The registration is normally completed by the notary on behalf of the company. If online facilities are used, a company can generally be registered within three office hours. Upon registration, the company's information will also be passed to the Tax Administration for registration. Businesses in certain industries (such as banking and other financial services) are required to obtain special business licenses.

Limited liability companies are administered by the annual general meeting and a management board. The management board consists of the managing director(s) of the company. Companies may also have a supervisory board. Certain companies, including large companies (as defined), must appoint a supervisory board. There are no nationality requirements for directors or for those appointed to the supervisory board.

Limited liability companies are taxed at the corporate level and are subject to corporate income tax.

¶6008 PARTNERSHIPS

There are generally three types of partnership: the general partnership, the limited partnership and the private partnership. There are no nationality requirements for partners.

¶6008.1 General partnerships

A general partnership (*vennootschap onder firma* or VOF) is generally formed by two or more persons or legal entities that operate under a common name. The general partnership is not a separate legal entity and the partners are jointly and severally liable to an unlimited extent for the debts/liabilities of the partnership.

There are no formal requirements, such as a partnership contract, for the creation of a general partnership; however, the partnership must be registered with the Chamber of Commerce. The partnership name must not be misleading and must be clearly distinguishable from other entities already registered. There is no minimum capital requirement; however, each partner must make a contribution of some kind in cash, goods, goodwill etc. Partnerships can choose to enter into a written partnership agreement, which generally defines the rights of the partners and the distribution of profits. The partners are considered to be individual entrepreneurs who are subject to income tax on their share of the profits and as such may benefit from certain income tax deductions.

¶6008.2 Limited partnerships

A limited partnership (*commanditaire vennootschap* or CV) generally has at least one limited partner (also known as silent partners), and at least one general partner (also known as managing partners). The limited partnership is not a separate legal entity. Limited partners are liable for the debts/liabilities of the partnership to the extent of their contributed capital, provided they do not take part in the management of the partnership in any way. General partners are jointly and severally liable to an unlimited extent for the debts of the partnership. Dutch tax law makes a distinction between "open" and "closed" limited partnerships. In an open limited partnership, partners can generally be admitted or replaced without the consent of all partners; in a closed

limited partnership, consent is generally required. A closed limited partnership is also classed as a transparent entity.

There are no formal requirements, such as a partnership contract, for the creation of a limited partnership; however, the partnership must be registered with the Chamber of Commerce. The partnership name must not be misleading and must be clearly distinguishable from other entities already registered. There is no minimum capital requirement; however, each partner must make a contribution of some kind in cash, goods, goodwill etc. Partnerships can choose to enter into a written partnership agreement, which generally defines when the partnership ends and the distribution of profits. The general partners are considered to be individual entrepreneurs who are subject to income tax on their share of the profits and as such may benefit from certain income tax deductions. The limited partners are subject to income tax on their share of the profits, but are not considered to be individual entrepreneurs. They are, therefore, not able to benefit from the same income tax deductions as a general partner, but can benefit from investment deductions.

¶6008.3 Private partnerships

A private partnership (*maatschap*) is similar to a general partnership (see ¶6008.1) but is generally formed by two or more persons or legal entities of the same or similar profession, such as dentists, lawyers, farmers etc.

¶6009 SOLE PROPRIETORSHIP

A sole proprietorship (*eenmanszaak*) arises when an individual undertakes a business in their own right (there is no separate legal entity) and the individual is personally liable for the actions/debts of the business. A sole proprietorship must register in the trading registry of the Chamber of Commerce. Profits are subject to personal income tax; however, sole proprietors may benefit from certain tax deductions.

¶6010 TRUSTS

The Netherlands has no separate regulations with regard to trusts; however, trusts are recognised in accordance with the 1986 The Hague Trust Convention. Trusts are not considered separate legal entities.

¶6011 BRANCHES AND REPRESENTATIVE OFFICES

When a foreign company carries on business in the Netherlands without forming a Dutch subsidiary, the operations are generally known as a "branch". The branch must register as a foreign company with the Chamber of Commerce, but is not a separate legal entity and as such the foreign company is responsible for debts of the branch.

Permanent establishments in the Netherlands are taxed at the corporate level and are subject to corporate income tax.

Foreign companies may also establish a representative office in the Netherlands. A representative office is not a separate legal entity and is not permitted to carry out economic activity in the Netherlands. Representative offices may conduct activities such as gathering information and conducting communications. A representative office is not required to be registered with the Chamber of Commerce for corporate purposes.

¶6012 JOINT VENTURES

Joint ventures arise where two or more entities combine in a venture for their mutual benefit. The legal status differs depending on what form the joint venture takes.

¶6013 OTHER STRUCTURES

Other business structures available in the Netherlands include foundations (*stichting*), associations (*vereniging*) and cooperatives (*coöperaties*).

¶6014 AUDIT AND ACCOUNTING REQUIREMENTS

The Dutch Civil Code requires legal entities to maintain statutory books and records that adequately explain the transactions and the financial position of the company.

All large and medium-sized legal entities are generally required to prepare, and have audited, an annual financial report that presents a true, clear and concise view of the company's state of affairs, profit or loss, and cash flow.

Small legal entities do not generally have to prepare financial statements. Small legal entities are defined as companies that have satisfied two or three of the following criteria for a consecutive period of two years:

- Total assets not exceeding EUR6m
- Turnover not exceeding EUR12m for the past accounting year
- Fewer than 50 employees on average for the past accounting year.

Financial reports must comply with the accounting standards as defined in the Dutch Civil Code. Alternatively, financial reports can be drawn up in accordance with accounting standards issued by the International Financial Reporting Standards (IFRS), as adopted by the EU, provided all standards that apply to the particular entity are consistently followed. Companies with securities listed on an EU stock exchange must prepare financial statements under IFRS as adopted by the EU.

Small and medium-sized legal entities (as defined) are entitled to certain exemptions regarding the form and content of their financial statements.

Groups of companies are generally required to draw up consolidated annual reports.

Annual financial reports must generally be drawn up in Dutch for publication; however, English, French and German are accepted. If appropriate, a currency other than the euro may be used in the annual financial report.

¶6015 FILING REQUIREMENTS

The annual financial report must generally be prepared within the prescribed time limit of five months after the financial year-end, with a possible extension of up to five months in special circumstances if granted by the shareholders during the annual general meeting. Upon presentation of the annual financial report, the shareholders generally have two months within which to adopt the report. The report must generally be made public by filing it with the Chamber of Commerce within eight days of adoption.

Financial statements and accounting records must generally be kept for a period of seven years from the end of the relevant financial year. Financial statements and profit and loss accounts must be kept in their original form. The majority of other records may be converted into other formats, provided that the records remain a correct and complete representation. Statements and records must be accessible at all times during the seven years and it must be possible to make them available within a reasonable amount of time if requested by the tax authority.

FINANCE AND INVESTMENT

¶6016 EXCHANGE CONTROL

There are no exchange controls in the Netherlands and there are no prohibitions on outward overseas investment or capital repatriation. Foreign currencies can be bought and sold freely.

The Act on the Prevention of Money Laundering and Financing of Terrorism (*Wet ter voorkoming van witwassen en financieren van terrorisme*) applies to individuals and entities such as financial services (including banks, credit institutions and insurance undertakings), trust offices, legal professionals, casinos, tax consultants, property professionals, and pawn shops. Individuals and entities subject to the Act are generally required to verify clients' identities, monitor transactions, and report any performed or intended unusual transactions.

¶6017 BANKING AND SOURCES OF FINANCE

The Bank of the Netherlands (*De Nederlandsche Bank* (DNB)) is responsible for monetary policy, systemic stability and payments system regulation.

Commercial banks operating in the Netherlands provide the majority of short and medium-term loans/financing. Dutch banks are free to participate in virtually all forms of financial services. There are also several merchant banks operating in the Netherlands; for example, the NIBC Bank (*Nationale Investeringsbank*) and Kempen & Co.

The venture capital market within the Netherlands is relatively small and comprised of a small number of management and investment companies.

Companies may be able to benefit from Government assistance, including financing from the Innovation Fund for SMEs and the guaranteeing of loans.

Euronext Amsterdam provides an international marketplace for listing and exchanging Dutch securities. Companies listed on Euronext are subject to the rules on transparency and must publish in full all information relating to the pricing of securities. Such companies must also comply with the EU Transparency Directive.

¶6018 INVESTMENT INCENTIVES AND RESTRICTIONS

For business related tax incentives, see ¶6006.

There are generally no restrictions on foreign business investment in the Netherlands.

EMPLOYMENT REGULATIONS

For employment tax considerations, see ¶6002.

¶6019 GENERAL EMPLOYMENT MATTERS

¶6019.1 National employment standards

A labour contract between an employer and an employee is generally for a definite or indefinite period. There is no legal requirement for the contract to be in writing; however, an employer must provide the employee with certain information within one month of becoming an employee, including place(s) of work, notice periods and holiday entitlement. After a maximum of three temporary labour contracts, the contract automatically becomes a permanent contract, subject to conditions. This also applies to temporary contracts, which combined, exceed a time-span of 24 months, subject to conditions.

The Dutch Civil Code provides certain standards for labour agreements, such as four weeks paid annual leave. The Minimum Wage and Minimum Holiday Allowance Act 1968 (*Wet minimumloon en minimum vakantiebijslag*) defines minimum wages and provides for a holiday allowance, which employees are generally entitled to.

Further labour standards are defined in various laws, including the Working Hours Act (*Arbeidstijdenwet*) and the Working Conditions Act (*Arbeidsomstandighedenwet*).

Certain industries and businesses have their own collective labour agreement (CAO), which is generally binding and may affect working hours, notice periods, etc. However, CAOs may not conflict with the Dutch Civil Code or the Minimum Wage and Minimum Holiday Allowance Act.

The terms of a CAO or labour contract will generally specify the length of any notice period for dismissal. If there are no such terms, then the employee generally has a right to the following minimum notice periods by law:

- less than 5 years of employment – 1 month
- 5 to 10 years of employment – 2 months
- 10 to 15 years of employment – 3 months, and
- 15 or more years of employment – 4 months.

Older employees may be entitled to a longer notice period.

Employees may be dismissed for various reasons, including reorganisation, poor financial situation of the company or poor performance by the employee. Depending on the reason for dismissal and the circumstances surrounding it, permission may need to be obtained from the Dutch Social Security Agency (UWV) or from a Court. Such permission is generally not required if the employee and employer reach an agreement on the terms of dismissal.

There are strict rules on mass dismissals and the UWV must be notified of the reasons, number of employees to be dismissed, etc, in order to obtain permission. A mass dismissal takes place when an employer wishes to dismiss 20 or more employees within a three month period. If the employer does not follow all relevant rules, the dismissals may be reversed by a Court.

Employees who are dismissed are normally entitled to severance pay and unemployment benefits.

The standard statutory monthly minimum wage is €1565.40.

¶6019.2 Pensions and other benefits

Employer and employees are required to make national insurance and social security contributions. The rates and bases differ per insurance (see ¶6002.2).

National insurance contributions generally allow individuals to benefit from the state pension, cover for long-term care expenses and benefits for surviving dependents. Employees may also enter into pension agreements as part of a collective agreement, a company pension scheme or a private pension scheme. Social security contributions provide employees with sickness benefits, unemployment benefits, and disability benefits.

¶6020 VISAS

Non-residents seeking to enter the Netherlands may need to obtain a visa prior to entry depending on their nationality. Nationals from countries that do not require a visa may stay for a maximum of 90 days in a 180 day period. If a visa is required, a short stay visa can be obtained for stays of up to 90 days in a 180 day period. For longer stays, a provisional residence permit (MVV), or a regular residence permit may need to be obtained. Certain foreign nationals are required to apply for a provisional residence permit before being able to apply for a regular residence permit. Persons who have obtained a residence permit are generally not allowed to work without an additional work permit, unless their residence permit states that they are allowed to work. In certain cases, a combined work and residence permit (GVVA) may be obtained.

Employers must generally have advertised a job opening for Dutch, EU/EEA or Swiss nationals for five weeks (three months for harder to fill positions) before they are permitted to open up the position to other foreign nationals. Employers must generally obtain permits to employ foreign employees without an EU/EEA or Swiss passport. Work permits and GVVAs are applied for by the employer on behalf of the employee.

Persons looking to stay in the Netherlands and invest in a business within the country should apply for a provisional residence permit and/or a residence permit. The investor should have capital of at least EUR1.25m.

The maximum validity period of a residence permit is initially one year; however, it is possible to extend the stay by one year at a time, up to a maximum of five years. Upon expiry of the five year term, it may be possible to obtain a residence permit for an indefinite period.

For further information on Dutch visa requirements, visit www.ind.nl

There are generally no restrictions on foreigners purchasing property in the Netherlands.

¶1621 TRADE UNIONS

There are various trade unions for employees in the Netherlands. It is not compulsory for employees to become a member of a trade union. Trade unions play an important role in the establishment of CAOs (see ¶6019.1). Agreed CAOs generally apply to all employees, including those who are not members of a trade union.

For further information on visa requirements, visit www.fms.gov.ru.

There are generally no restrictions on foreigners purchasing real property in Russia. However, ownership of certain types of land is restricted, such as agricultural land and land in border territories.

¶7318 TRADE UNIONS

Trade unions may negotiate collective agreements with employers. It is not compulsory for employees to be a member of a trade union.

Saudi Arabia

TAXATION

¶7400 CORPORATE INCOME TAXES

A company is resident in Saudi Arabia if it is incorporated under Saudi law or if its effective place of management is located in Saudi Arabia.

Resident companies owned by nationals of Saudi Arabia or other Gulf Cooperation Council (GCC) countries (Bahrain, Kuwait, Oman, Qatar and the United Arab Emirates) are subject to the Islamic tax *zakat*. This tax generally applies to all activities carried out for profit-making purposes, subject to allowable deductions.

Resident companies owned partly by Saudi or GCC nationals and partly by non-Saudi or non-GCC nationals are subject proportionately to *zakat* and to income tax.

Non-resident companies are subject to income tax on their income from sources in Saudi Arabia, subject to the terms of any relevant double tax treaty.

The *zakat* rate is 2.5%.

The standard corporate income tax rate is 20%. For companies engaged in natural gas extraction activities, the rate increases to between 30% and 85%. For companies engaged in oil extraction activities, the rate is 85%.

Non-resident companies trading through a permanent establishment in Saudi Arabia are generally subject to an additional withholding tax of 5% on the remittance of net profits out of the country.

Capital gains are in general taxed in the same way as income. Gains from the sale of securities acquired after July 29, 2004 and traded through the Saudi Stock Exchange are exempt.

Net operating losses can be carried forward indefinitely for relief against future profits; however, in any one year, loss carry-forwards are limited to 25% of that year's profits. Losses cannot be carried back to previous years. If a change of 50% or more occurs in the underlying ownership or control of a company, no deduction is allowed for the non-Saudi share of the losses incurred before the change in the tax years following the change.

There is no facility for group companies to file consolidated income tax returns; however, group consolidation is permitted for *zakat* purposes, on condition the subsidiaries are wholly owned.

The tax year is generally the calendar year, but in prescribed circumstances companies may choose a different period. Tax returns must be filed electronically within 120 days of the end of the tax year.

Advance income tax payments may be required, depending on the company's tax position in the previous year. Payments are due at the end of the sixth, ninth and twelfth months of the tax year, with the balance payable when filing the tax return.

¶7401 PERSONAL TAXES

Individuals are subject to *zakat* and income tax on business income only, at the same rates, and on the same residence/non-residence principles, as for companies (see "Corporate Income Taxes" above). Employment and investment income are not taxable.

Capital gains are taxed only if they relate to the disposal of property used in a business.

There are no inheritance or gift taxes.

There is no wealth tax, but *zakat*, which is payable only by Saudi and GCC nationals, is based in part on capital.

¶7402 EMPLOYMENT RELATED COSTS AND TAXES

Employers are required to make contributions to the General Organization for Social Insurance, equivalent to 11% on up to SR45,000 of their Saudi national employees' pay, and 2% on up to SR45,000 of their other employees' pay.

Employees who are Saudi nationals must contribute 9% on up to SR45,000 of their pay. Other employees are exempt from making contributions.

Legislation has introduced an unemployment insurance scheme under which employers and Saudi national employees are each required to contribute 1% of employee pay.

Companies that employ more foreigners than Saudi nationals are subject to an annual levy of SR2,400 per foreign employee, payable when that employee's one-year residency permit is renewed, subject to exceptions.

¶7403 WITHHOLDING TAXES

¶7403.1 Domestic payments

There are no withholding taxes on domestic dividend, interest and royalty payments.

¶7403.2 Payments abroad

The following withholding tax rates generally apply to payments made to recipients abroad:

	Tax Rate
Dividends	5%
Interest	5%
Royalties	15%

Other payments from which tax must be withheld at source include rents, technical fees, and insurance premiums (5%); fees charged by associated companies (15%); and fees for contracted out management services (20%).

For payments made to recipients in countries with which Saudi Arabia has a double tax treaty, the rates of withholding tax may be reduced under the terms of the treaty.

¶7404 VALUE ADDED TAX (VAT)

There is currently no VAT or similar tax in Saudi Arabia. However, the six GCC jurisdictions, including Saudi Arabia, look set to introduce a GCC-wide VAT regime from 2018, with a standard rate of 5%. Each GCC jurisdiction will issue its own VAT law.

¶7405 OTHER TAXES

¶7405.1 Tax on undeveloped land

Undeveloped urban land earmarked for residential and/or commercial use is set to be subject to an annual tax at the rate of 2.5% of the value of the land.

¶7406 TAX INCENTIVES FOR BUSINESSES

¶7406.1 Regional incentives

Investors in specified regions, including Ha'il, Jazan, Najran, Al-Baha, Al-Jouf and Northern Borders, may benefit from the following tax deductions (amongst others, subject to conditions) for 10 years:

- 50% of annual expenditure on recruiting and training of Saudis
- 50% of annual salaries paid to Saudis
- up to 15% of the non-Saudi share in the capital

¶7407 EXCISE TAXES

Excise taxes are imposed on certain products, including tobacco, carbonated soft drinks and energy drinks.

FORMS OF DOING BUSINESS

¶7408 COMPANIES

Company types available in Saudi Arabia are the limited liability company and the joint stock company.

¶7408.1 Limited liability companies (LLCs)

LLCs must have at least one and not more than 50 shareholders, who may be individuals or legal entities. Shareholders' agreements must comply with both the Companies Law and Shari'a law. If an LLC has more than 20 shareholders, a supervisory board consisting of at least three members must be in place. Share transfers must be approved by the Saudi Arabian General Investment Authority (SAGIA).

There is no minimum capital requirement.

¶7408.2 Joint stock companies (JSCs)

JSCs must generally have at least two shareholders (one in certain circumstances) and three to 11 directors. JSCs must have articles of association based on the model issued by the Ministry of Commerce and Industry (MCI). Shareholder meetings must be held at least once a year and no later than four months after the end of the fiscal year. The board of directors must hold at least two meetings per year.

The minimum share capital requirement for a JSC is generally SR500,000. The minimum share capital requirement increases to SR10m if the shares are to be publicly traded. Each shareholder must pay at least 25% of their cash contribution at the time of company formation. The remaining portion must be paid up within five years from the share issue date.

A JSC is formed from the date of publication of the MCI resolution and the JSC's registration in the Commercial Registry.

¶7409 PARTNERSHIPS

¶7409.1 General partnerships

A general partnership is formed of two or more partners who are jointly and personally liable for the partnership's debts. A partnership agreement must be drawn up and registered with the MCI.

¶7409.2 Limited partnerships

A limited partnership must register with the MCI in the same way as for a general partnership. Members comprise general partners, who are jointly and personally liable for the partnership's debts, and limited partners, who are liable to the extent of their investment.

¶7410 SOLE PROPRIETORSHIPS

A sole proprietor is an individual who owns and operates a business entity. There is no distinction between the proprietor and the business, resulting in unlimited personal liability.

¶7411 BRANCHES

A foreign company can establish a branch in Saudi Arabia, subject to SAGIA approval. Establishing a branch is similar in procedure to that for an LLC, but without the requirement for articles of association to be approved. The foreign parent company is liable for the branch's debts and activities. A branch's business activities in Saudi Arabia are limited to the scope of the licence issued by SAGIA.

¶7412 TECHNICAL AND SCIENTIFIC OFFICES (TSOS)

A foreign company can set up a TSO to provide technical assistance and support to local distributors and agents. A TSO is not independent and cannot carry out business activities or earn revenue. Much like a branch, the parent company is liable for the TSO's activities. It can have a maximum of between five and ten employees, depending on what has been approved by the authorities. Directors and employees may be foreign nationals.

¶7413 AUDIT AND ACCOUNTING REQUIREMENTS

Companies can choose their own financial years, specified in the articles of association.

Accounts must generally be prepared in accordance with accepted accounting principles (GAAP) as issued by the Saudi Organization for Certified Public Accountants (SOCPA). Banks and insurance companies must use the International Financial Reporting Standards (IFRS).

All companies registered under the Companies Law, and all companies with foreign participation, are required to have their accounts audited each year. LLCs and JSCs must appoint at least one independent auditor; banks must appoint at least two. For JSCs and banks, the auditors must have been registered with SOCPA for at least five years.

¶7414 FILING REQUIREMENTS

Audited financial statements must be filed with the MCI within six months of the company's financial year end.

FINANCE AND INVESTMENT

¶7415 EXCHANGE CONTROL

There are no exchange control provisions in Saudi Arabian law, and residents and non-residents may hold bank accounts in any currency.

¶7416 BANKING AND SOURCES OF FINANCE

The central bank, the Saudi Arabian Monetary Authority (SAMA), is responsible for (amongst others) financial stability and monetary policy and is the banker to the government. SAMA also supervises commercial banks and issues the national currency.

There are two main specialised public sector credit institutions that provide loans to Saudi individuals and companies:

- Public Investment Fund (PIF)
- Saudi Industrial Development Fund (SIDF).

The PIF provides funds for government and private domestic industries, and has been the major funding agency for base chemical and heavy industrial plants and export refineries. PIF loans are generally mid to long-term and on very soft terms.

The SIDF offers finance to private industry. It encourages the private sector to invest in manufacturing enterprises. SIDF loans amount to up to 50% of project costs, and are medium to long term and low cost.

In the private sector, there are several main industrial groups providing funding and taking equity participation. These include the following:

- National Industrialisation Company (Tasnee)
- Saudi Advanced Industries Company (SAIC)
- Saudi Venture Capital Investment Company (SVCIC).

Tasnee was established to stimulate private industrial development in Saudi Arabia. It seeks joint venture project proposals from companies that may be interested in new industrial joint ventures in the country.

SAIC was established to participate in joint venture projects employing advanced industrial technology. It has participated in the formation of various aerospace industrial projects and seeks investors with technical know-how for investment in new industrial projects in Saudi Arabia.

The SVCIC is a closed joint stock investment company set up to invest in small and medium-sized enterprises.

¶7417 INVESTMENT INCENTIVES AND RESTRICTIONS

A foreign business wishing to establish itself in Saudi Arabia in order to carry out service, industrial and contracting activities must apply for a foreign investment licence from SAGIA and register with the MCI. Depending on the sector, approval of the relevant competent authority may also be required prior to commencing business activity.

The PIF and SIDF provide low cost medium- to long-term loans to new businesses and expansion projects (see ¶7415).

Foreigners are prohibited from carrying out economic activities on the "negative list", which is reviewed regularly and published by the SAGIA. Restricted activities include oil exploration and production, real estate brokerage services, and some media and press services. Foreign investment in real estate in the holy cities of Mecca and Medina is specifically forbidden.

The Foreign Investment Law allows 100% foreign ownership of LLCs and JSCs. There are no restrictions on repatriation of profits from Saudi Arabia, although a withholding tax applies (see ¶7400).

A foreign investor is permitted to obtain more than one licence for various business activities. Licensed foreign investor projects enjoy the same privileges, incentives and guarantees as national projects.

Other incentives to encourage foreign investment in approved projects include:

- The Human Resources Development Fund supports recruitment and training of Saudi labour, and
- Competitive land and utility rates.

For other business related incentives, see ¶7406.

EMPLOYMENT REGULATIONS

For employment tax considerations, see ¶7402.

¶7418 GENERAL EMPLOYMENT MATTERS

¶7418.1 Employment law and work relations

The Labour Law M/51 regulates employment in Saudi Arabia.

To encourage employment of Saudi nationals, the Ministry of Labour will instruct a newly licensed business on the number of Saudis it must employ. These figures are reviewed regularly.

Employers are responsible for organising healthcare for resident and non-resident employees.

Although there is no set minimum wage as such, in order for a company to meet the requirements of the Saudisation programme

(which is designed to encourage higher employment of Saudi nationals in private businesses), it must offer a minimum wage to its employees. Various incentives are offered to those companies that meet the criteria.

There are no unions and employees do not have the right to strike.

¶7418.2 Employment conditions and contract

General work conditions apply to all employees, including:

- An employee cannot work either for more than eight hours in a working day, or for more than 48 hours in a working week (as the employer decides)
- The number of working hours may be increased or decreased to nine or seven hours in a working day for certain sectors
- During Ramadan, working hours are reduced to six hours in a working day, or 36 hours in a working week
- Minimum paid annual leave is 21 days, increasing to 30 days after five year's service with the employer, plus public holidays
- After two years in service, the employee is entitled to 10 to 15 days' paid leave to perform Hajj.

Additional rules apply to the employment of non-Saudis, including:

- There must be a Ministry of Labor approved permit to work in Saudi Arabia
- The work contract must be in writing and for a specified period
- If no duration is given in the contract, the period is deemed to be the duration of the contract
- Movement to another employer, or to another employment role, is tightly regulated.

Specific rules apply to the employment of women. For example, women cannot be employed in hazardous roles or industries. The employee is entitled to paid maternity leave; she is not permitted to work for six weeks following giving birth.

¶7419 VISAS AND PERMITS

Foreigners seeking to enter Saudi Arabia must obtain a visa prior to entry from the Saudi embassy in their country of residence. The various visas include:

- Business and work visit visas for businessmen, investors, representatives of US companies, managers, sales managers and sales representatives, among others
- Personal and family visit visas, which do not grant a right to employment
- Resident and student visas, which do not grant a right to employment
- Extension of an exit / re-entry visa, for those who have been outside Saudi Arabia for up to seven months (up to 13 months for students).

Application forms for work-related visas must be accompanied by a letter, certified by the Chamber of Commerce and the Ministry of Foreign Affairs, from the sponsor company in Saudi Arabia. Academic qualifications must be certified and notarised before being validated by the Saudi Arabian Cultural Mission. Applicants must also provide detailed medical and police reports.

Permits for non-Saudi employees must also be approved by the Ministry of Labor.

Individuals seeking investor-related visas must also provide a copy of the certificate issued by SAGIA.