Marc Quaghebeur

tax questions
Retirement planning in a nutshell

• Income Tax
• Capital Gains Tax
• Wealth Tax
• Inheritance laws and Inheritance Tax
• Estate Planning
• Gift tax
“Every country is a tax paradise... if you know how”
Put your affairs in order!
Residence/Domicile

Tax domicile = tax residence

Where is your residence now?

Protocol on Privileges and Indemnities

EU Officials: place where hired

Spouse: same

except if EU official working in Belgium
Residence/Domicile

An EU official who retires takes up residence
Where do you take up residence?
Return home?
Under the sun?
Stay in Belgium?
Domicile

If you stay, your home is your residence
Residence in other country
Usually, residence is where you go to live
Domicile : non dom status?
Can I take up residence in ... and continue to live in Belgium?
Retirement income

I State pension

II Occupational pension

III Private pension savings

IIIIV Savings:
- Investments: bonds and stocks
- Real property
Double taxation

State pension

Not pension from EU Institutions!
is exempt within the EU
do not go and live outside the EU

Brexit
Double taxation

State pension

Crossborder -> Belgian double tax treaties

Taxed in country of **residence**

- France
- Italy

Taxed at **source**

- Germany
- Luxembourg
- Portugal
- Spain

UK
Double taxation

I  State pension

II  Occupational pension
   Generally taxed in country of residence
   More and more at source  UK

III  Private pension saving

IV  Savings:
   • Investments
   • Real property
Double taxation

State pension

Occupational pension

Private pension saving

Generally taxed in country of residence

Savings:
- Investments
- Real property
Double taxation

Savings are generally taxed twice:

Withholding tax at source and in country of residence

How is double tax eliminated

tax on net income or tax credit
Double taxation

Real property is taxed in country of source not in country of residence.

Eliminate double taxation exemption with progression.

Foreign tax credit: Italy, Spain, UK

• Real property
Personal allowance: €8,990
Standard rates: 25-50% (€41,060) +

State pension:
- standard rates

Occupational pension:
- Pension capital @65: 5.55% + 10% = 15%

Private pension saving:
- 8% deducted @60

Savings:
- Investments: interest: 30%
- Real property: dividends: 30%
- standard rates on cadastral revenue
Personal allowance: €8,990
Standard rates: 25-50% (€41,060) +

State pension
Occupational pension
Pension capital @65: 5.55% + 10% = 15%
Private pension saving: 8% deducted @60

No Capital Gains Tax
except SICAVS (bonds): 30%
or second residence sold < 5y

Interest: 30%
Dividends: 30%

BE standard rates on cadastral revenue
Personal allowance: €10,710

Standard rates: 11-45% (€157,807) +17.2%

State pension

Occupational pension
Pension capital @65: > 8 y: 17.2% + 7.5%: 33.2%

Private pension saving

Savings:
- Investments
- Real property

FR standard rates

interest: 17.2%+12.8% = 30%
dividends: 17.2%+12.8% = 30%

FR standard rates on actual rent [exempt*]
Personal allowance: €10,710
Standard rates: 11-45% (€157,807) +17.2%

State pension

Occupational pension
Pension capital @65:
Private pension saving

FR standard rates

FR standard rates

FR standard rates

> 8 y: 17.2% + 7.5%: 33.2%

Capital Gains
Movables: 17.2% + 12.8% = 30%
Real property: 17.2% + 19% = 36.2%
+ 2-6% over €50,000
(0 after 22/30 years)

interest: 17.2% + 12.8% = 30%
dividends: 17.2% + 12.8% = 30%

FR standard rates
on actual rent [exempt*]
<table>
<thead>
<tr>
<th>Real Estate Range</th>
<th>Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>€0 - 800,000</td>
<td>0%</td>
</tr>
<tr>
<td>€800,000 - 1,300,000</td>
<td>0.5%</td>
</tr>
<tr>
<td>€1,300,000 - 2,570,000</td>
<td>0.7%</td>
</tr>
<tr>
<td>€2,570,000 - 5,000,000</td>
<td>1%</td>
</tr>
<tr>
<td>€5,000,000 - 10,000,000</td>
<td>1.25%</td>
</tr>
<tr>
<td>&gt;€10,000,000</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

If real estate > €1,300,000
<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Rate Details</th>
</tr>
</thead>
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<tr>
<td>I</td>
<td>Personal allowance</td>
<td>€6,700 (@65)</td>
</tr>
<tr>
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</tr>
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<td>II</td>
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<td>ES standard rates</td>
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<td>III</td>
<td>Savings</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Investments</td>
<td>dividends: 19-23%</td>
</tr>
<tr>
<td></td>
<td>• Real property</td>
<td>ES standard rates</td>
</tr>
<tr>
<td></td>
<td></td>
<td>on actual rent [tax credit]</td>
</tr>
</tbody>
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Personal allowance: €6,700 (@65)
Standard rates: 19-45% (€60,000)

State pension

Occupational pension
Pension capital @65: some planning is possible
Private pension saving

Savings:
- Investments
- Capital Gains Tax: 19-23%

ES standard rates

ES standard rates

interest: 19-23%
dividends: 19-23%

ES standard rates on actual rent [tax credit]
Personal allowance: Standard rates: **14.5-48%** (€80,640) (+ 20 - 3.5%)

I. State pension
II. Occupational pension
   - Pension capital @65
III. Private pension saving

I. State pension
II. Occupational pension
   - Pension capital @65
III. Private pension saving

Savings:
- Investments
- Real property

- Interest: 28%
- Dividends: 28%

PT standard rates on actual rent [exempt*]
Personal allowance: Standard rates: **14.5-48% (€80,640)** (+20 - 3.5%)

I. State pension

II. Occupational pension
   Pension capital @65: PT standard rates

III. Private pension saving: PT standard rates

IV. Savings:
   - Investments
   - New property

**Capital Gains Tax:** 28%

- interest: 28%
- dividends: 28%

PT standard rates on actual rent [exempt*]
Habitual Non Resident Tax Regime

• 10 years
• No income tax on overseas income
  • Dividends and interest
  • Rental income
  • Pensions March 2020: 10%
• No capital gains tax on overseas assets
Personal allowance: -
Standard rates: 23-43% (€75,000) (+1.23-3.41%)

State pension

Occupational pension
Pension capital @65:

Private pension saving

Savings:
- Investments
- Real property

IT standard rates

interest: 26%
dividends: 26%

IT standard rates

on cadastral revenue [tax credit]
Personal allowance: -
Standard rates: 23-43% (€75,000) (+1.23-3.41%)

I
State pension
IT standard rates

II
Occupational pension
Pension capital @65:
IT standard rates
Private pension saving
IT standard rates

III
Capital Gains:
Movables: 26%
Real estate: standard rates
> 5 years: 0%

Interest: 26%
Dividends: 26%
IT standard rates on cadastral revenue [tax credit]
Non Domiciled Tax Regime

• Tax = €100,000 (+ €25,000 for dependants)
• No income tax on overseas income
  • Dividends and interest
  • Rental income
• No capital gains tax on overseas assets
• No wealth tax on overseas assets
• 15 years
Tax Regime for Pensioners

- Tax: 7%
  - On pension
  - On overseas income Dividends and interest Rental income
- Must take up residence in Southern Italy (Abruzzi, Apulia, Basilicata, Calabria, Campania, Molise, Sardinia, and Sicily).
- 6 years
Personal allowance: €9,408
Standard rates: 14-45% (€270,500) (+5.5%)

I  State pension
   DE standard rates

II Occupational pension
   Pension capital @65
   DE standard rates

III Private pension saving
   DE standard rates

IV Savings:
   • Investments
     interest: 25+5.5%= 30.5%
     dividends: 25+5.5%= 30.5%
   • Real property
     DE standard rates
     on actual rent [exempt*]
Personal allowance: €9,408
Standard rates: 14-45% (€270,500) (+ 5.5%)

I. State pension
II. Occupational pension
   Pension capital @65:
III. Private pension saving

I. Savings:
II. Capital Gains: 26.375%
   Real property: or standard rates

Interest: 25+5.5%= 30.5%
Dividends: 25+5.5%= 30.5%
DE standard rates on actual rent [exempt*]
Personal allowance: €9,408
Standard rates: 36.62-51.57% (€68,507)

State pension

Occupational pension
Pension capital @65: NL standard rates

Private pension saving
NL standard rates

Savings:
- Investments
- Real property

Tax on deemed income from wealth: 1.8 - 5.3%
Personal allowance: €9,408
Standard rates: 36.62-51.57% (€68,507)

State pension
Occupational pension
Pension capital @65
Private pension saving

No Capital Gains Tax
Except substantial shareholding: 26.25%

NL standard rates
NL standard rates
NL standard rates
NL standard rates

Tax on deemed income from wealth: 1.8 - 5.3%
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<tr>
<td></td>
<td>Standard rates</td>
<td>20-40% (€35,300)</td>
</tr>
<tr>
<td>II</td>
<td>State pension</td>
<td>IRL standard rates</td>
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<td>Private pension saving</td>
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</tr>
<tr>
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<td>Savings</td>
<td>interest: 25%</td>
</tr>
<tr>
<td></td>
<td>• Investments</td>
<td>dividends: DIRT 33%</td>
</tr>
<tr>
<td></td>
<td>• Real property</td>
<td>IRL standard rates</td>
</tr>
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<td></td>
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<td>on actual rent [exempt*]</td>
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Standard rates: 20-40% (€35,300)

State pension
Occupational pension
Pension capital @65
Private pension saving

Savings:
- *Investments

Capital Gains Tax: 33%

IRL standard rates

interest: 25%
dividends: DIRT 33%

IRL standard rates on actual rent [exempt*]
Inheritance law

Civil law countries

• Inheritance rules: who inherits what
• Inheritance rules can be varied by will
• Forced Heirship Rules: clawback
• EU Succession Regulation: opt for national law
Inheritance Tax

3 Regions = 3 Inheritance Tax Codes

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Tax Rate</th>
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<tbody>
<tr>
<td>Spouse/civil partner</td>
<td>0 - 30%</td>
</tr>
<tr>
<td>Descendants</td>
<td>0 - 30%</td>
</tr>
<tr>
<td>Brothers/sisters</td>
<td>20 - 65%</td>
</tr>
<tr>
<td>Nieces/nephews</td>
<td>25 - 75%</td>
</tr>
<tr>
<td>Others</td>
<td>30 - 80%</td>
</tr>
</tbody>
</table>
Inheritance Tax

3 Regions = 3 Inheritance Tax Codes

Spouse/registered partner does not pay inheritance tax on the family home

Ends when you give up Belgian domicile
Inheritance Tax

Spouse / civil partner: 0
Descendants (over 100,000): 5 - 40%
Brothers/sisters: 35 - 45%
Nieces/nephews: 55%
Others: 60%
Inheritance Tax

Only on property in Spain or on what is inherited by a Spanish resident.

Rates vary per Autonomous Region according to value/kinship.

Large exemptions for spouse and children.
Inheritance Tax

Portugal has no inheritance / gift tax
But 10% Stamp Duty on transfer
not spouses/partners
descendants
Inheritance Tax

Spouse (over €1,000,000) 4%
Descendants (over €1,000,000) 4%
Brothers/sisters (over €100,000) 6%
Others 8%

Same exemptions for gift tax
Inheritance Tax

- Spouse/Partner (over €500,000) 7-30%
- Descendants (over €400,000) 7-30%
- Others relatives 15-43%
- All others 30-50%
Inheritance Tax

< 124,727 €

- Spouse/Partner: 10% 20%
- Children: 10% 20%
- Grandchildren: 18% 36%
- All others: 30% 40%

> 124,727 €
Inheritance Tax

Capital Acquisitions Tax
= inheritance tax + gift tax : 33%

Tax exempt threshold for gifts/inheritances
- from spouse/civil partner  no CAT
- from parent(s)  €335,000
- from grandparents/uncles/siblings  €32,500
- from others  €16,250
Estate Planning

Do I stay or do I go?

• Do not choose for tax reasons only
• But moving gives planning opportunities
• Remember you may need care in your old age
Estate Planning

If you go

• Plan before you move
• Use Belgian favourable tax rules
• Invest wisely in view of the tax rules there
• Make a Will
• Make a lasting power of attorney
Estate Planning – Family Home

If you go
• No capital gains tax on sale of Belgian home
• Buy new family home with the children
  children  bare property  Belgium
  parents  usufruit
• Gift bare property to children
  France
  Italy
  Spain
Estate Planning – Pensions and Savings

• Realise capital gains ... tax free
• If possible, redeem your pension
• Invest tax efficiently
  whole life insurance tax exempt if > 8 years
  insurance wrapper tax exempt
  - In Belgium
  - Abroad: insurance often has a favourable tax regime
Estate Planning – Pensions and Savings

• Joint life second death delays inheritance tax between husband and wife
  - In Belgium
  - Check inheritance tax treatment there
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