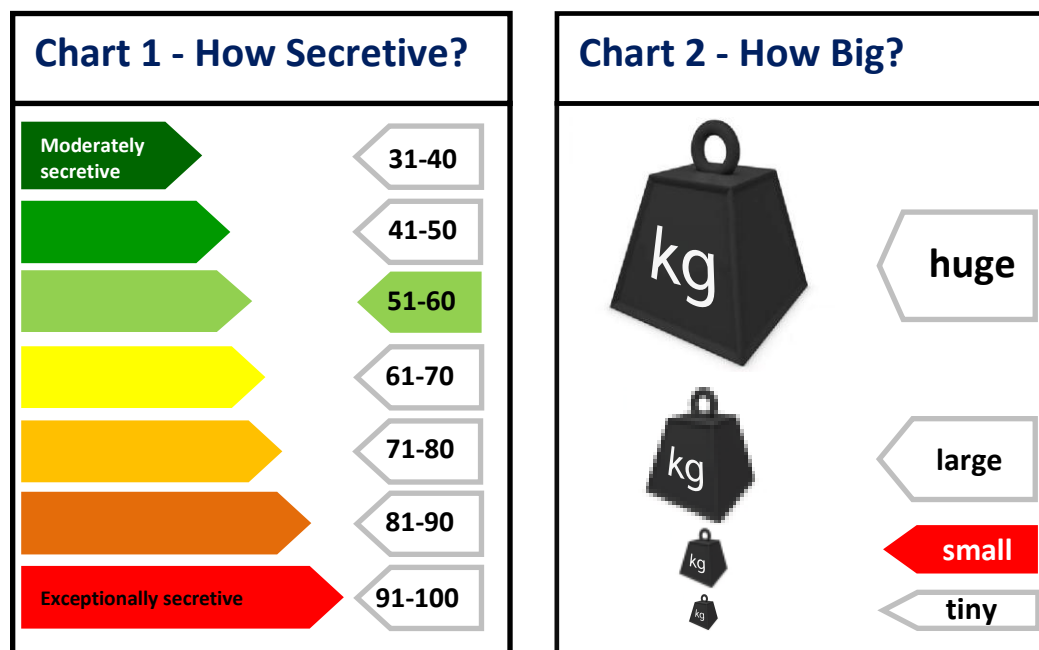


## Report on Belgium

Belgium is ranked at 15th position on the 2011 Financial Secrecy Index. This ranking is based on a combination of its secrecy score and a scale weighting based on its share of the global market for offshore financial services.

Belgium has been assessed with 59 secrecy points out of a potential 100, which places it in the lower mid range of the secrecy scale (see chart 1 below).

Belgium accounts for slightly over 1 per cent of the global market for offshore financial services, making it a small player compared with other secrecy jurisdictions (see chart 2 below)



### Part 1: Telling the story

Bank secrecy was formally introduced in tax legislation in 1980. Until recently, Belgium did not participate in the international exchange of bank account data. The domestic provisions governing bank secrecy (article 318 of the Income Tax Code) prevented the tax administration from investigating the accounts non-residents at the request of foreign administration. The tax administration could only force the bank to release client information when evidence indicates that the bank is an accessory to serious tax fraud.

Fearing sanctions by the G20 Belgian Finance Minister Didier Reynders announced, on 12 March 2009 in parliament, that Belgium would switch over to the automatic information exchange system created under the EU savings directive. He also announced that Belgium is committed to apply OECD standards on transparency and exchange of information - upon

request – and will (re)negotiate bilateral tax agreements in this context. A couple of days later, however, Belgium found itself on the ‘grey list’ prepared by the OECD for the G20. The Belgian government reacted that it is willing to do away with the domestic bank secrecy rules in an international context. Since then, Belgium has started accelerated negotiations to sign new income tax treaties or protocols that contain a provision for the exchange of information on request. By July 2009 Belgium had concluded the needed 12 tax information exchange agreements required to be removed from the grey list.

In March 2011 legislation was passed that removed internal law obstacles for international exchange of (bank) account information. Bank secrecy vis-à-vis the Belgian Tax administration remained, although indications to tax fraud are now considered enough to force a bank to release client information.

### Quotations and Links

On diamond trade:

"Antwerp accounts for 80% of the world's trade in rough diamonds, 50% of trade in polished stones and represents 5% of all Belgian exports. The industry is responsible for the employment, directly and indirectly, of about 34,000 people in the city."

<http://www.flanderstoday.eu/content/diamond-fraud-case-targets-220-suspects>

<http://af.reuters.com/article/worldNews/idAFTRE7820UG20110903>

<http://www.israelidiamond.co.il/english/News.aspx?boneld=918&objid=9813>

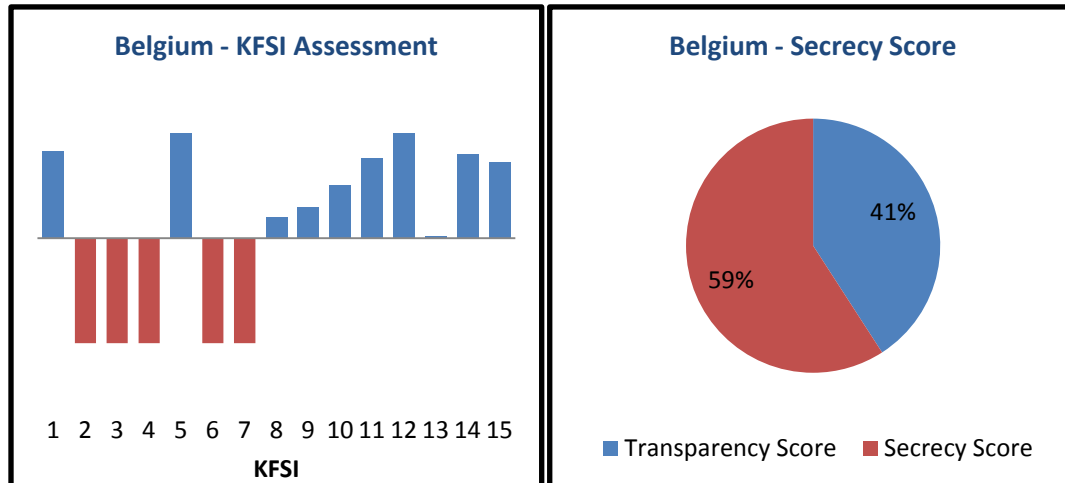
On banking secrecy: <http://economicsnewspaper.com/economics/belgium-will-lift-bank-secrecy-in-foreign-accounts-250-000-34102.html>

### Next steps for Belgium

Belgium’s 59 per cent secrecy score shows that it must still make major progress in offering satisfactory financial transparency<sup>1</sup>. If it wishes to play a full part in the modern financial community and to impede and deter illicit financial flows, including flows originating from tax evasion, aggressive tax avoidance practices, corrupt practices and criminal activities, it should take action on the points noted where it falls short of acceptable international standards. See part 2 below for details of Belgium’s shortcomings on transparency. See this link <http://www.secrecyjurisdictions.com/kfsi> for an overview of how each of these shortcomings can be fixed.

## Part 2: Secrecy Scores

The secrecy score of 59 per cent for Belgium has been computed by assessing the jurisdiction’s performance on the 15 Key Financial Secrecy Indicators, listed below.



The numbers on the horizontal axis of the bar chart on the left refer to the Key Financial Secrecy Indicators (KFSI). The presence of a **blue** bar indicates a positive answer, as does **blue** text in the KFSI list below. The presence of a **red** bar indicates a negative answer as does **red** text in the KFSI list. Where the jurisdiction's performance partly, but not fully complies with a Key Financial Secrecy Indicator, the text is coloured **violet** in the list below (combination of red and blue).

This paper draws on key data collected on Belgium. Our data sources include regulatory reports, legislation, regulation and news available at 31.12.2010<sup>2</sup>. The full data set is available [here](#)<sup>3</sup>. Our assessment is based on the 15 Key Financial Secrecy Indicators (KFSIs, below), reflecting the legal and financial arrangements of Belgium. Details of these indicators are noted in the following table and all background data can be found on the [Mapping Financial Secrecy web site](#)<sup>4</sup>. This data is the basis on which the [Financial Secrecy Index](#)<sup>5</sup> is compiled.

#### The Key Financial Secrecy Indicators and the performance of Belgium are:

TRANSPARENCY OF BENEFICIAL OWNERSHIP – Belgium	
1.	Banking secrecy: Does the jurisdiction have banking secrecy? <b>Belgium does not adequately curtail banking secrecy</b>
2.	Trust and Foundations Register: Is there a public register of Trusts and Foundations? <b>Belgium does not put details of trusts on public record</b>
3.	Recorded Company Ownership: Does the relevant authority obtain and keep updated details of the beneficial ownership of companies? <b>Belgium does not maintain company ownership details in official records</b>

<b>KEY ASPECTS OF CORPORATE TRANSPARENCY REGULATION – Belgium</b>	
4.	<p>Public Company Ownership: Does the relevant authority make details of ownership of companies available on public record online for less than US\$10?</p> <p><b>Belgium does not require that ownership of companies is put on public record</b></p>
5.	<p>Public Company Accounts: Does the relevant authority require that company accounts are made available for inspection by anyone for a fee of less than US\$10?</p> <p><b>Belgium requires that company accounts be available on public record</b></p>
6.	<p>Country-by-Country Reporting: Are companies listed on a national stock exchange required to comply with country-by-country financial reporting?</p> <p><b>Belgium does not require country-by-country financial reporting by companies</b></p>
<b>EFFICIENCY OF TAX AND FINANCIAL REGULATION – Belgium</b>	
7.	<p>Fit for Information Exchange: Are resident paying agents required to report to the domestic tax administration information on payments to non-residents?</p> <p><b>Belgium does not require resident paying agents to tell the domestic tax authorities about payments to non-residents</b></p>
8.	<p>Efficiency of Tax Administration: Does the tax administration use taxpayer identifiers for analysing information effectively, and is there a large taxpayer unit?</p> <p><b>Belgium partly uses appropriate tools for effectively analysing tax related information</b></p>
9.	<p>Avoids Promoting Tax Evasion: Does the jurisdiction grant unilateral tax credits for foreign tax payments?</p> <p><b>Belgium partly avoids promoting tax evasion via a tax credit system</b></p>
10.	<p>Harmful Legal Vehicles: Does the jurisdiction allow cell companies and trusts with flee clauses?</p> <p><b>Belgium partly allows harmful legal vehicles</b></p>
<b>INTERNATIONAL STANDARDS AND COOPERATION – Belgium</b>	
11.	<p>Anti-Money Laundering: Does the jurisdiction comply with the FATF recommendations?</p> <p><b>Belgium partly complies with international anti-money laundering standards</b></p>
12.	<p>Automatic Information Exchange: Does the jurisdiction participate fully in Automatic</p>

	Information Exchange such as the European Savings Tax Directive? <b>Belgium participates fully in Automatic Information Exchange</b>
13.	Bilateral Treaties: Does the jurisdiction have at least 60 bilateral treaties providing for broad information exchange, covering all tax matters, or is it part of the European Council/OECD convention? <b>As of June 30, 2010, Belgium had few tax information sharing agreements complying with basic OECD requirements</b>
14.	International Transparency Commitments: Has the jurisdiction ratified the five most relevant international treaties relating to financial transparency? <b>Belgium has partly ratified relevant international treaties relating to financial transparency</b>
15.	International Judicial Cooperation: Does the jurisdiction cooperate with other states on money laundering and other criminal issues? <b>Belgium partly cooperates with other states on money laundering and other criminal issues</b>

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<sup>1</sup> Our definition of financial transparency can be found here:

<http://www.secrecyjurisdictions.com/PDF/FinancialTransparency.pdf>.

<sup>2</sup> With the exception of KFSI 13 for which the cut-off date is 30.6.2010. For more details, look at the endnote number 2 in the corresponding KFSI-paper here:

<http://www.secrecyjurisdictions.com/PDF/13-Bilateral-Treaties.pdf>.

<sup>3</sup> That data is available here: [http://www.secrecyjurisdictions.com/sj\\_database/menu.xml](http://www.secrecyjurisdictions.com/sj_database/menu.xml).

<sup>4</sup> <http://www.secrecyjurisdictions.com>.

<sup>5</sup> <http://www.financialsecrecyindex.com/>.