



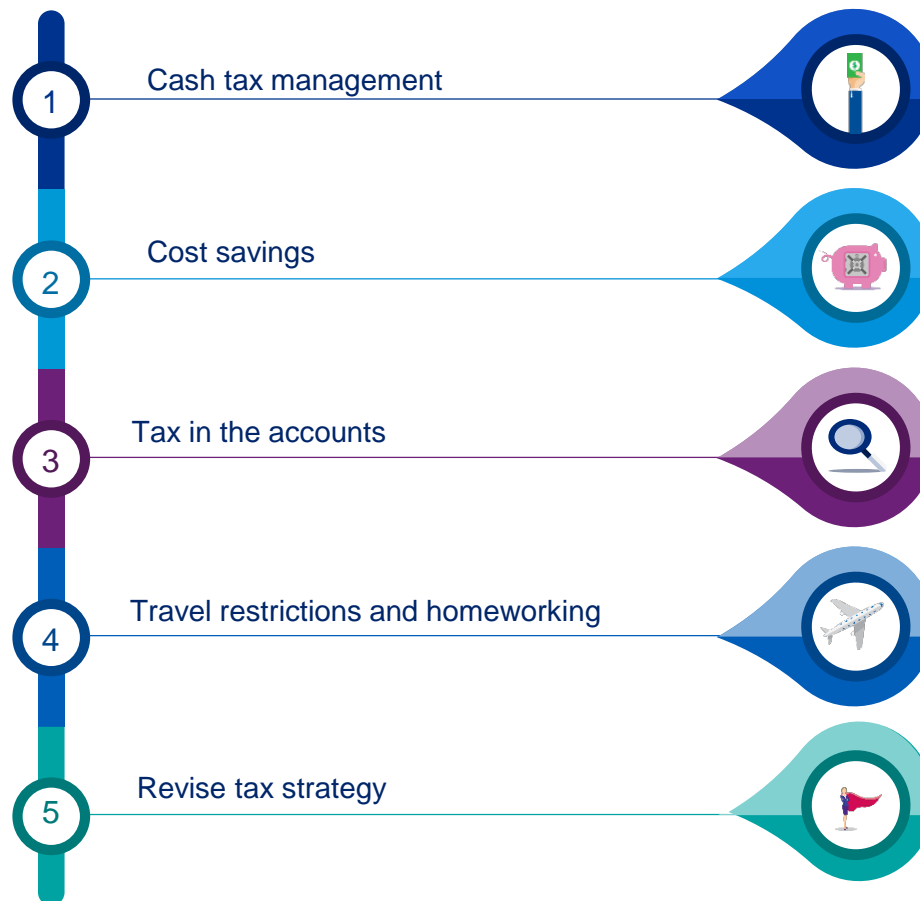
Managing / mitigating the tax impacts of COVID-19

Board Leadership Center

28 April 2020

Discussion Purposes Only

Tax - Mitigating the impact of COVID-19



6



Cash tax management



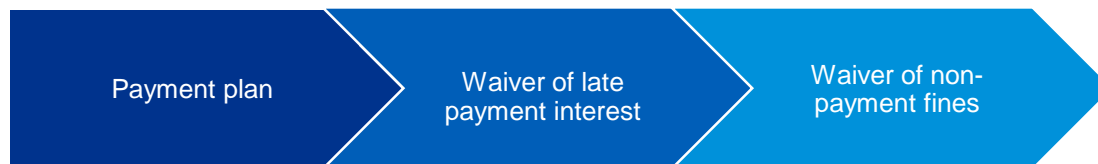
Deferral of tax payment obligations

- Various automatic deferrals

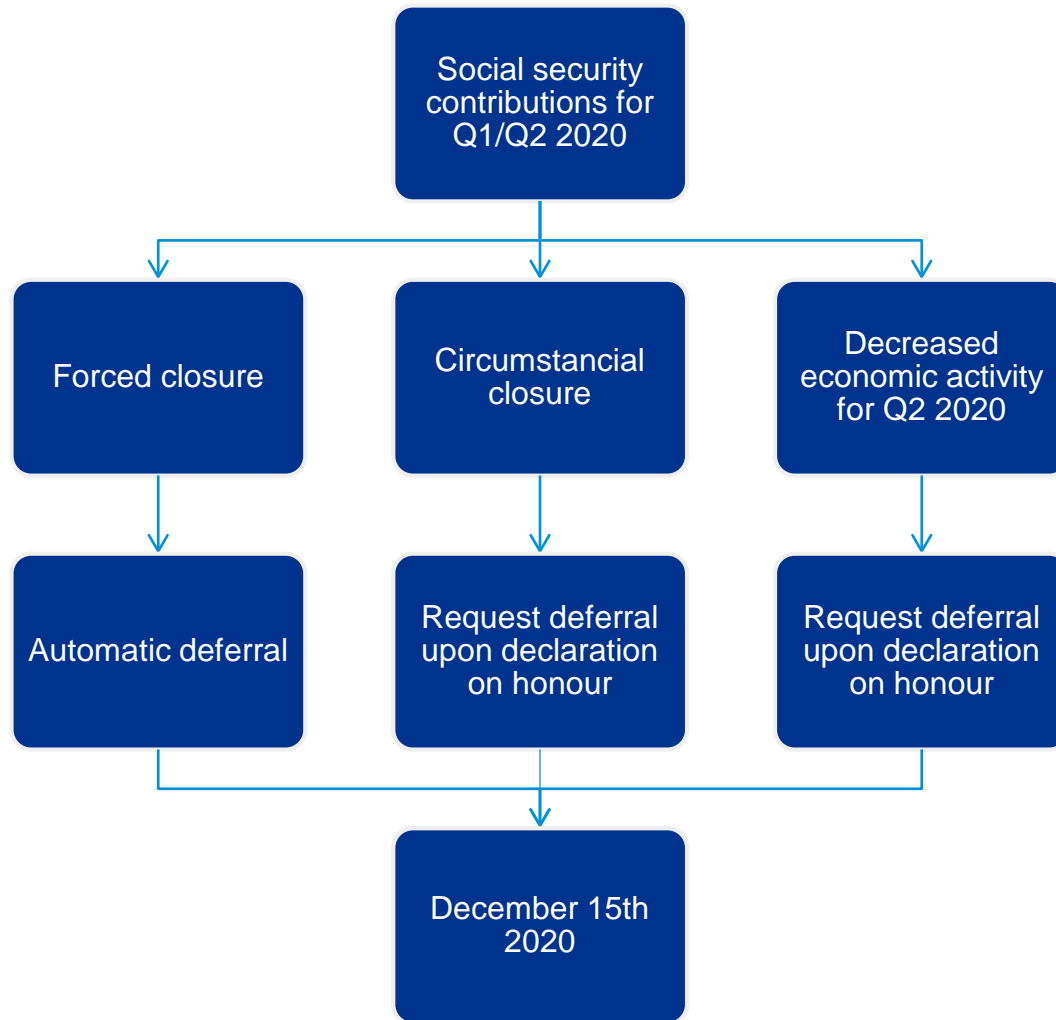
Relating to	Covered period	Extension
CIT	AY2019 and assessed as of 12 March 2020	2 months
VAT	February and March / Q1 and April 2020	2 months
Wage withholding tax	February and March / Q1 and April 2020	12 months

- Deferrals upon request

- For outstanding tax liabilities
- Relating to CIT, VAT, wage withholding tax and legal entities tax with respect to FY2018 (subject to conditions)



Deferral of social security contributions

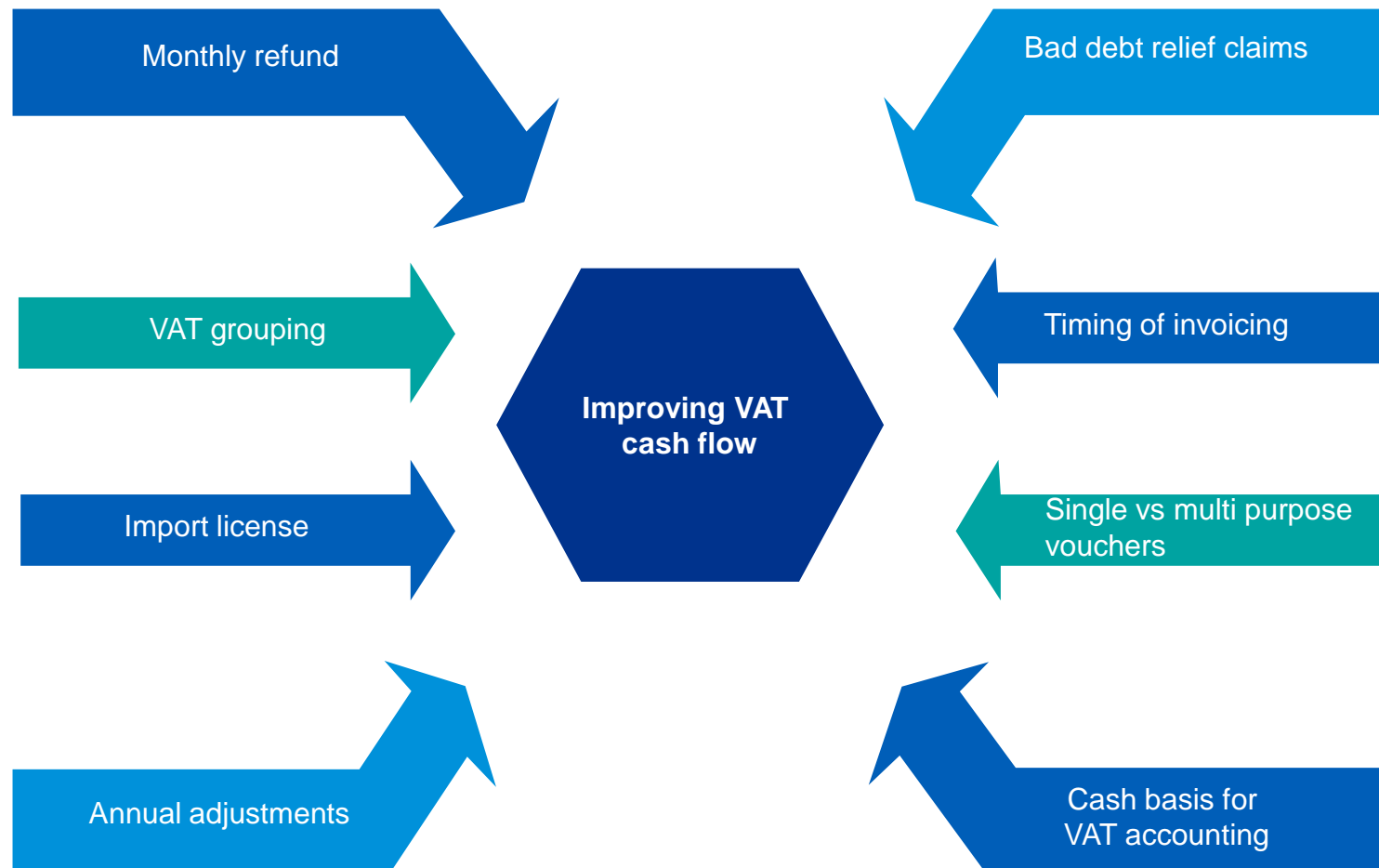


Revisit CIT prepayment schedule for FY2020

- Increased bonification for Q3 and Q4
 - No dividend / share capital reduction between 12/03/2020 and 31/12/2020

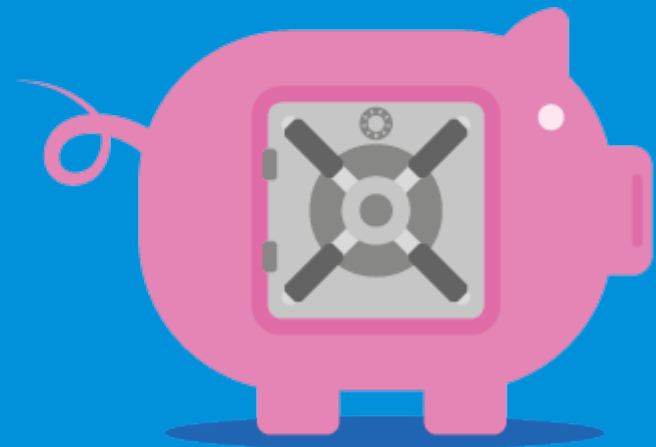
	Bonification % (in principle applicable)	Temporarily increased bonification % for AY2021	Ultimate payment date	Insufficient prepayments
Q1	9%	9%	14 April 2020	6.75% tax increase on CIT effectively due
Q2	7.5%	7.5%	10 July 2020	
Q3	6%	6.75%	10 October 2020	
Q4	4.5%	5.25%	20 December 2020	

VAT cash management





Cost savings

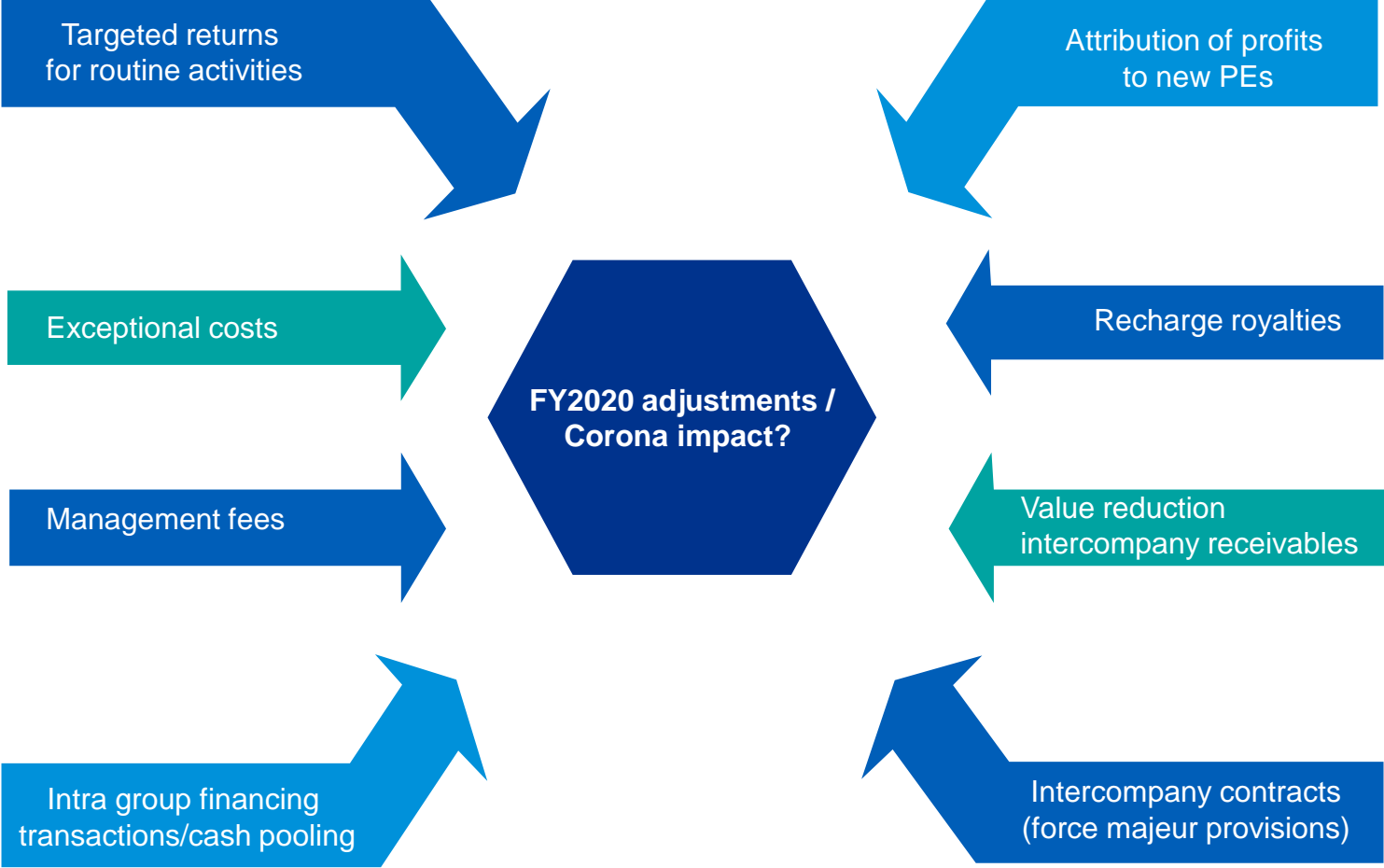


Monitor impact on taxable base for FY2019 - 2020

Available tax reliefs

- Patent and innovation income deduction – calculation method
- Exemption payment wage WHT
- Investment deduction – one-off vs spread
- Tax credit for certain types of investments

Revise applied transfer pricing for FY2020 and beyond



Set-up tax exempt provisions for social liabilities

Scope

- Employees employed by the enterprise for uninterrupted period of at least five years (as of 01/01/2014)

Calculation

- Based on salary - capped at EUR 1,830 per employee
- To be spread over 5 years

Reversal

- Reversal in case employee leaves the company

Formalities

- To be claimed in CIT return
- Form 281.78

Unproductivity of immovable property



Unoccupied buildings

- Involuntary unproductivity
- Not generating any income
- For at least 90 days during AY



Inactive equipment and machinery

- Even if partial inactivity
- Even if not involuntary
- For at least 90 days during AY

Reduction of immovable withholding tax

- In proportion to period of improductivity / inactivity
- By filing a tax complaint
- Before 31 March of the year following the assessment year



Tax in accounts



Tax (and accounting) management

- Revisit depreciation periods
 - Exceptional depreciations
 - Reductions in value
- Group losses

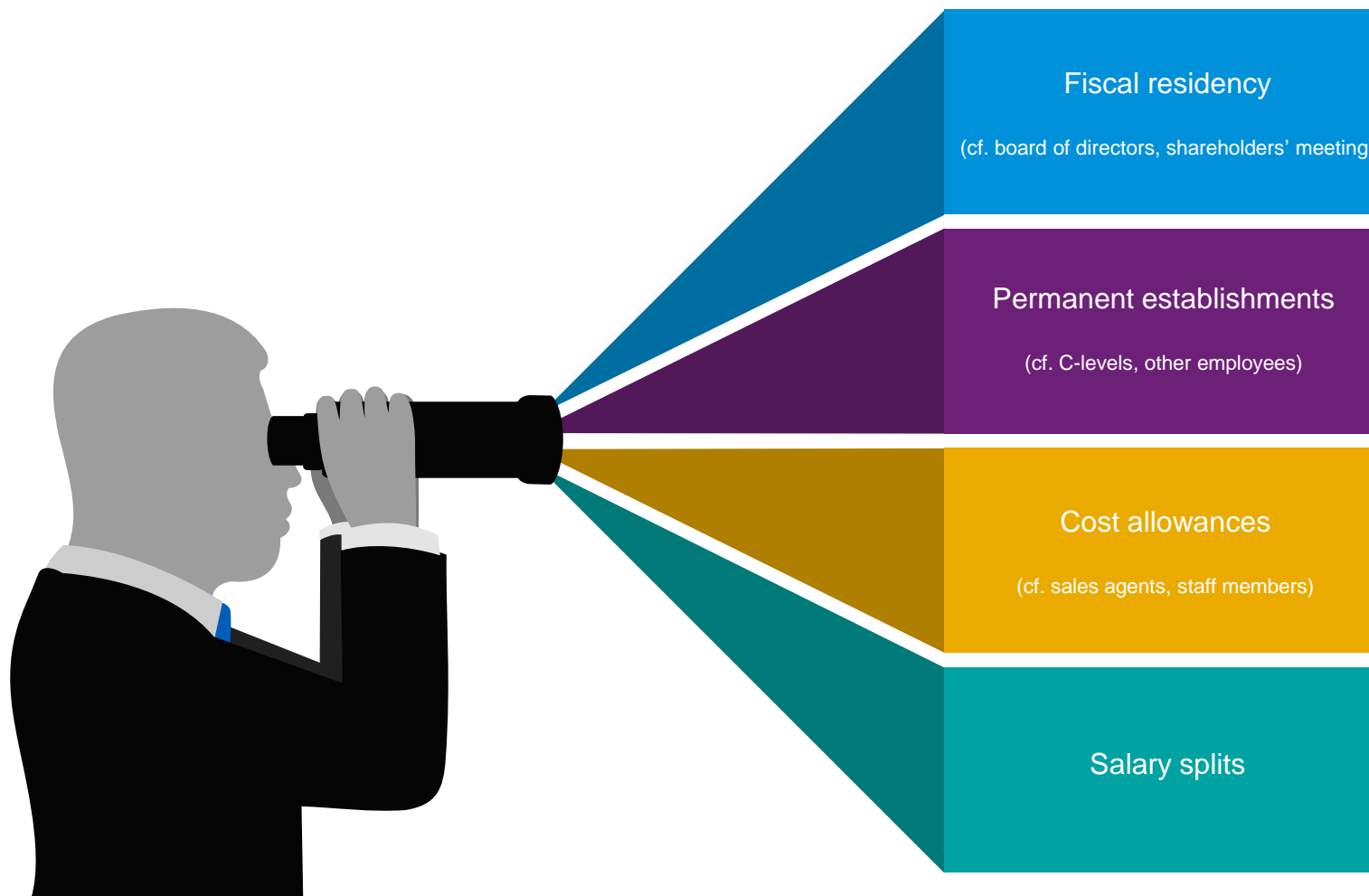
Sustainability of deferred tax assets	Utilization of losses
<ul style="list-style-type: none">➤ Opportunities / strategies to maintain recognition➤ Impact on FY2019 accounts	<ul style="list-style-type: none">➤ Spontaneous taxation of old tax exempt reserves➤ Tantièmes➤ Business driven restructurings



Travel restrictions and homeworking



Impact of remote working





Restructurings



Refinancing / recapitalization / restructuring

Debt equity swap	<ul style="list-style-type: none"> • Contribution in kind of (intercompany) receivable • Arm's length exchange ratio?
Capital reduction / Upstream dividends	<ul style="list-style-type: none"> • Pro rata allocation to fiscally paid-up capital and reserves • Participation exemption / withholding tax exemption? • Leveraged capital reduction?
(Re)finance / reshuffle (intercompany) loans	<ul style="list-style-type: none"> • Impact on 5:1 debt equity ratio / earnings stripping rule • Reconsider transfer pricing for intra group financing / cash pooling
Waiver of debt	<ul style="list-style-type: none"> • Abnormal or benevolent advantage? • Impact on minimum taxable base
Sale / lease and lease back	<ul style="list-style-type: none"> • Immediate or deferred taxation of assets? • Real estate transfer tax • VAT impact
Merger / demerger / sale of assets	<ul style="list-style-type: none"> • Tax-neutral or taxable events? • Impact on tax attributes



Revise strategy



Key considerations

Re-evaluate (medium term) tax strategy

Re-evaluate transfer pricing methods

Review governance

Revise rulings, existing agreements



Thank you



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