



How do I set up a representation office in Belgium ?

If you are a foreign investor or business owner looking to better understand the commercial potential of the Belgian market **without fully committing to opening a Belgian company or a branch**, it could be a good idea to initially open a '**representation office**' (RO) instead. The RO acts as a connection or liaison between the head office abroad, and the potential clients, competitors, and business partners in Belgium.

A rep office may only engage in **non-profit making activities**, such as market research and establish contacts with prospective customers and partners, but it may not generate income.

It is important to mention that a RO is **not a separate legal entity** and is therefore **not subject to** any separate registration, incorporation, publication, or accounting requirements like a branch or a subsidiary. It is a **temporary administrative arrangement**. The RO is **not represented by a legal representative**, such as a branch office would be, for example. If the RO wants to open a bank account, contract a supplier, start a payroll, or rent an office space, it can only do so in the name of the **head office abroad** or in the name of one of the **private individuals that run the Belgian rep office**. The head office will remain **fully liable** for the RO's operations.

The RO's presence is, **in principle, considered non-taxable**. It is not allowed to invoice within Belgium for services or products. Nor is it permitted to sign contracts on behalf of the head office, buy real estate, or import goods or products. As a result, a RO has **no permanent establishment (PE)** for income tax or VAT purposes. It may recover the Belgian input VAT via the VAT credit refund procedure by letting the head office apply for a Belgian VAT number as a foreign taxpayer.

As regards to **which activities the RO may develop**: it may engage in different types of research, all kinds of promotional activities, coordinate the Belgian activities of the head office, implement existing contracts, make travel arrangements, and that the like. In brief, any **non-transactional operations** or activities that do **not generate any income**.

While a RO is quite common, in Belgium you also have the option to register an **establishment unit (EU)**. An EU is defined as '*any place of business, geographically identifiable by an address, where at least one activity of the enterprise is carried out or from which such activity is carried out*'. An EU is registered via a **unique identification number**, which differs from the company registration number. The legal and tax consequences of an EU **are similar** to those of a RO.

It is important to ensure that your Belgian operations do not amount to a PE for tax purposes unless and until that is intended by the head office. Opening a RO can be **a viable alternative** if you want to establish representation in Belgium **without any unwanted tax implications**.

TAXPATRIA® can assist you with the **administrative and legal requirements** of setting up a RO.