



## How is my UK Limited Company taxed in Belgium ?

A limited company (LTD) is a type of business entity which is **legally separate** from its owners (shareholders) and those appointed to manage it (directors). It has **limited liability** that shields its owners from any personal liability for the company's debts and obligations. It is incorporated at *Companies House* and is a **commonly used business structure** in the UK.

Since there is no law that prevents you from setting up a UK limited company if you are **not a UK resident**, you can set it up from anywhere in the world. If you are already living in Belgium or plan to relocate here, but want to **continue running your UK LTD**, there are **various issues** you need to consider. A company that is established in the UK is normally **resident for tax purposes in the UK** and taxable there on **its worldwide income**. It will also need to continue to comply with several **formalities and requirements** in the UK, wherever it is managed from.

If that LTD company is **managed and controlled** from Belgium, this may trigger a 'Permanent Establishment' (PE) for **corporate** tax purposes here. The UK company could in that case be subject to **taxation in Belgium** on its (unincorporated) business profits. Hence, UK business owners should properly understand the **tax implications** when initiating business activities from outside the UK. There are potential consequences not only for corporate income tax, but also for **VAT**, especially after Brexit.

From a **personal** tax perspective, things get even more **complicated** when a salary or dividend is paid out to the business owner living abroad. Generally, the Belgian tax authorities do not tax any of the LTD's earnings if they are **retained and not distributed**. If the company does make a distribution, the Belgian resident owner may be able to claim (partial) **tax relief** based on the Double Taxation Agreement (DTA) between Belgium and the UK, but this will largely depend on the **type of distribution** made.

Any **dividend** that is paid out by a UK company to a Belgian beneficiary may be subject to a withholding tax (WHT) at source in the UK but will also trigger an **income taxation in Belgium**. Your net dividend, after UK WHT, will be subject to a **flat tax of 30%**. Only a dividend amount **up to € 833** per year remains tax exempt (2024).

As a director of a UK company, you would normally also draw a **monthly salary**. According to the UK-BE DTA, a director living in Belgium but **physically working in the UK** is only taxable in the UK. While you may need to go regularly back to the UK for meetings or other business matters, any **working time spent in Belgium** will be considered taxable here instead (at 25% up to 50%, plus local taxes). This will impact not only your tax situation, but also your **social security** position.

Running a UK LTD out of Belgium requires **careful planning** and a **thorough analysis** of various elements, both at a corporate and personal level. TAXPATRIA® can assist you with your **cross-border business setup**, as well as accounting, VAT & tax filing services.