

Direct taxation: The European Commission formally requests Belgium to amend its provisions which provide for lower rates of tax on legacies and gifts to public bodies in Brussels

The European Commission has formally requested Belgium to change its provisions of the Code on Succession Duties and Code on Registration Duties which provide for an exemption or lower rate on gifts and legacies granted to certain public bodies in Brussels. Equivalent bodies in the EU and EEA Area are excluded from this beneficial treatment.

Article 140 of Code on Registration duties and Articles 55 and 59 of Code on Succession Duties establish a more beneficial tax regime on gifts and legacies granted to certain organisations established in Brussels. Equivalent organisations in other Member States and EEA Area countries are excluded from this beneficial treatment. In the view of the Commission this amounts to a restriction of movement of capital established under Article 63 of the TFEU and Article 40 of the EEA Agreement.

Background:

The request takes the form of a reasoned opinion (the second step of the infringement procedure provided for by Article 258 of the Treaty on the Functioning of the EU (TFEU)). If there is no satisfactory reaction to the reasoned opinion within two months, the Commission may decide to refer the matter to the Court of Justice of the European Union.

The Commission's case reference numbers are 2008/4566 and 2008/4749.