

Accelerated depreciation.—Under this heading are discussed initial or first-year depreciation allowances and statutory reduction of lives of assets. Countries having general provisions for initial or first-year allowances are France, Italy, Netherlands, and the United Kingdom, while Italy also has a general provision for reduction of lives. Special allowances, applicable only to certain assets or industries, are also permitted in a number of the countries.

Incentive allowances.—This topic covers provisions for deducting allowances in excess of the cost of the asset, but not including deductions based on the change in the price level. Countries currently having incentive allowances are Belgium, Netherlands, and the United Kingdom.

Adjustments for price level changes.—None of the countries covered currently permit adjustment for changes in the price level, although they have previously been permitted in Belgium, France, West Germany, Italy, and Japan. However, these prior adjustments, generally, may be used in computing current depreciation allowances on assets purchased prior to the time of the latest reevaluation.

Treatment of gains on sale of depreciable property.—Under this heading are discussed any special provisions for the taxation of gains on the sale of depreciable assets. Also discussed are provisions for the deferral of recognition of gain upon reinvestment of proceeds of sale.

Treatment of losses on sale of depreciable property.—The tax treatment of loss on sale of depreciable property is covered under this heading.

Relationship of book and tax depreciation.—Provisions limiting tax depreciation deductions to depreciation recorded on the books of account is covered in this section.

Provisions of prior law.—Expired provisions of the law, concerned either with accelerated depreciation or incentive allowances, are outlined under this heading.

BELGIUM

Corporate tax rate

The maximum effective rate of tax (after taking into account the deductibility of the previous year's tax from the current year's taxable income) is 30 percent on undistributed profits. The maximum effective rate on profits distributed as dividends is 47.2 percent.

Method of computing depreciation

The straight-line method of depreciation is used almost exclusively.

Rates of depreciation

Depreciation rates are determined by negotiation between the taxing authorities and individual taxpayers on a case by case basis. The fact that an asset may have a shorter useful life than its physical life may be taken into account in determining the rate of depreciation. Generally, salvage value is not considered in computing depreciation deductions. The following might be considered as average for negotiated depreciation rates:

	Percent
Industrial equipment.....	10-20
Office furniture.....	10
Industrial buildings.....	3-5
Trucks and cars.....	20-25

Types of buildings or equipment not subject to depreciation

Commercial buildings and administrative offices are not subject to depreciation.

Accelerated depreciation

There are no general provisions for accelerated depreciation. However, special accelerated treatment is given maritime and inland vessels. Depreciation is allowed on vessels at the rate of 20 percent in the first year, 15 percent in each of the 2 succeeding years, and 10 percent in each of the following 8 years.

Incentive allowances

A special deduction is allowed for 30 percent of the excess of investment during the year in industrial property over the sum of (1) depreciation for such year on property held at the close of the preceding tax year and (2) the proceeds realized during the year from the sale of land, buildings, machinery, and certain investment securities. The deduction is available only if the excess is more than BFr30,000 (\$600). The special deduction was enacted originally for 1959 and 1960 and has been extended to 1961 and 1962. The deduction is normally