



Brussels, 28 September 2016

KBC responds to entirely inaccurate presentation of facts in Workers' Party of Belgium (PvdA) study

The Workers' Party of Belgium (PvdA) today published its research centre's top 50 largest tax breaks and top 1 000 biggest profits in Belgium. According to the PvdA, KBC is number one in their top 50 largest tax breaks list, with KBC only paying 5.8 million euros in tax on profits of 2.2 billion euros. The way in which KBC Group's tax situation is described in the PvdA study is, however, a total misrepresentation of the facts.

- In 2015, KBC realised a consolidated profit of 2.6 billion euros (and not 2.2 billion). The **consolidated result** is for KBC Group NV **and all its subsidiaries worldwide, not just in Belgium.**
- These profits are taxed for each of our subsidiaries according to the legislation of the country in which they are established. As clearly published in our Report to Society (available at www.kbc.com – see figures shown below), **KBC paid a total of 424 million euros in income tax in the countries in which it mainly operates.**
- If the relevant subsidiaries pay out dividends from already taxed profits, those dividends must remain largely tax-free in Belgium under the European Union's Parent-Subsidiary Directive. However, this directive only applies to distributed profits the subsidiary (whether in Belgium or abroad) has **actually been taxed on** and is purely a means of preventing double taxation.
- **The 5.8 million euros referred to in the PvdA study concerns income tax for one single member of the KBC Group (KBC Bank – 2015 income year). The study completely ignores tax paid by other KBC companies established in Belgium (including KBC Insurance, CBC Banque and KBC Asset Management) and abroad. A total and blatant misrepresentation of the facts has therefore been used as a basis for comparison.**

The PvdA study also only refers to income tax, with no mention of the many other taxes KBC pays, including:

- Substantial bank taxes to the tune of 417 million euros, 229 million euros of which were paid in Belgium in 2015 (with bank tax in Belgium to go up from this year onwards following recent changes in legislation)
- Unrecoverable value added tax (VAT) and various taxes on goods and services KBC uses, due to banking services being virtually exempt from VAT

The table below summarises at a glance the 2015 taxes KBC paid in the countries in which it mainly operates (also given in our 2015 Report to Society available at www.kbc.com):

Overview of taxes paid

(In euros)	Income tax	Non-recoverable VAT and other miscellaneous taxes	Bank tax and deposit guarantee scheme	Total
Belgium	254 000 000	97 000 000	229 000 000	580 000 000
Czech Republic	95 000 000	43 000 000	35 000 000	173 000 000
Hungary	18 000 000	21 000 000	130 000 000	169 000 000
Slovakia	27 000 000	16 000 000	18 000 000	61 000 000
Bulgaria	-	5 000 000	3 000 000	8 000 000
Ireland	30 000 000	11 000 000	2 000 000	43 000 000
Total	424 000 000	193 000 000	417 000 000	1 034 000 000

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