



Press Release

## **Antwerp Diamond industry prepared to pay more taxes in exchange for stable and legally certain fiscal environment**

**Antwerp, 30 March 2015 - The AWDC has taken note of the government decision to introduce a tax system calculated on a lump-sum basis. "Diamantaires are willing to pay higher taxes in exchange for financial predictability and legal certainty", says Ari Epstein, CEO of the Antwerp World Diamond Centre.**

Under the new tax system, diamantaires would be taxed according to a fixed percentage of the turnover, for profits and losses, rather than on a percentage of the profits. While the introduction of this tax will mean that diamond traders will pay higher taxes than they do currently, the introduction of this tax will ensure the requisite stability and legal certainty. The diamond industry has been under pressure globally since the banking crises occurred, as the availability of financing has declined drastically.

### **Fiscal predictability decisive**

The international diamond trade is a highly competitive affair. As the oldest and most transparent trade center in the world, Antwerp has to compete with rivals in Dubai, India, Israel and Hong Kong. While these trade centers, like Antwerp, specialize in the diamond trade, the conditions under which they operate are entirely different.

The uncertain and often non-competitive fiscal environment is responsible for the fact that diamond traders often see no reason to realize their turnover and profits in Belgium. This is not good for the Belgian government, which loses out on revenues, nor is it beneficial for Antwerp as a trade center, as it is under threat of losing its leading position as a competitive center.

CEO Ari Epstein: "Because the new system is a tax on turnover instead of profits, diamond traders know precisely what to expect when they close their financial year."

### **Long-term foothold crucial**

The continued existence of Antwerp as a diamond trade center largely depends on the extent to which companies can establish a long-term foothold here. While diamantaires will pay higher taxes as a result of the introduction of a tax system calculated on a lump-sum basis, the legal certainty will ensure that it will be more interesting to once again realize their increased turnover and profit in Belgium. In this way, diamond traders will also obtain easier access to financing, which is crucial for the financial viability of their companies.

Ari Epstein: "Given the difficult budgetary situation, we understand that the government requires additional efforts from every industry. As a representative organization, we will try to defend this position to our members in exchange for legal certainty and a stable fiscal environment."

**AWDC**, short for Antwerp World Diamond Centre, is an industry-established foundation, whose mission is to serve and support the diamond business in Antwerp, the world's most important diamond trade hub. AWDC is the coordinating body and the official representative of the Antwerp diamond sector, and as such are recognized internationally as the host, spokesperson and intermediary for

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the Belgian diamond community. In this capacity, AWDC liaises on behalf of the Belgian diamond sector with governments and actively promotes support for the diamond sector at home and abroad.

84% of all rough diamonds and 50% of all polished diamonds pass through Antwerp. Diamonds represent 5% of the total Belgian exports and 15% of all Belgian exports outside the EU, making diamonds the most important export product outside the EU.

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