

**Scenario 1: 'processing' as a service**

<b>Assumptions</b>	
Turnover polished	€ 14,797,000
Purchase transactions rough in Antwerp	€ 8,105,000
Invoice for diamond processing costs	€ 5,015,000
Other costs (incl. minimum directorship remuneration)	€ 1,855,000
<b>Accounting</b>	
Accounting loss	-€ 178,000
<b>Corporate Income Tax</b>	
Accounting loss (incl. all professional expenses)	-€ 178,000
Comparison between the actual gross margin realized vs. the lump sum gross margin of 2.1% on turnover	€ 6,692,000 [€ 14,797,000 - € 8,105,000] vs. € 310,737 [2.1% on (single) turnover €14,797,000]
The amount exceeding the lump sum gross margin of 2.1% on turnover can be deducted from an income tax perspective through an increase of the opening balance of the taxed reserves in the corporate income tax return	-€ 6,381,263 [€ 6,692,000 - € 310,737]
Processing costs of € 5,015,000 to be added as a disallowed expense	-€ 1,544,263 [-€178,000 - €6,381,263 + €5,015,000]
<i>but</i>	
"Minimum floor" of 0.65% on (single) turnover amounting to € 14,797,000	€ 96,181
× 33.99% = corporate income tax due	€ 32,692

**Scenario 2: 'processing' in the framework of buy-sell transactions**

<b>Assumptions</b>	
Purchase transactions rough in Antwerp	€ 8,105,000
1 <sup>st</sup> sales turnover rough from transaction e.g. with foreign affiliate for processing (note: intragroup transaction needs to be concluded at arm's length conditions)	€ 8,105,000
Purchase transactions polished	€ 13,120,000
2 <sup>nd</sup> sales turnover polished	€ 14,797,000
Other costs (incl. minimum directorship remuneration)	€ 1,855,000
<b>Accounting</b>	
Accounting loss	-€ 178,000
<b>Corporate Income Tax</b>	
Accounting loss (incl. all professional expenses)	-€ 178,000
Comparison between the actual gross margin realized vs. the lump sum gross margin of 2.1% on turnover	€ 1,677,000 [€ 22,902,000 - € 21,225,000] vs. € 480,942 [2.1% on (double) turnover €22,902,000 (i.e. € 14,797,000 + € 8,105,000)]
The amount exceeding the lump sum gross margin of 2.1% on turnover can be deducted from an income tax perspective through an increase of the opening balance of the taxed reserves in the corporate income tax return	-€ 1,196,058 [€ 1,677,000 - € 480,942]
No processing costs to be added as a disallowed expense	-€ 1,374,058 [-€ 178,000 - € 1,196,058]
<i>but</i>	
Minimum floor of 0.65% on (double) turnover of € 22,902,000	€ 148,863
× 33.99% = corporate income tax due	€ 50,598