



Global Innovation & Investment Incentives Gi³ alert

Applying the R&D wage tax exemption and innovation income deduction: Remember to update your Belspo notification annually

The Belspo notification process, which is mandatory in applying the partial withholding tax exemption for researchers, continuously triggers several discussions during tax audits. All employers applying this incentive are therefore encouraged to review their Belspo notifications to ensure compliance with the regulations.

Annual wage tax exemption update of your research and development (R&D) program

In January 2020, Belspo recommended an annual update of R&D programs registered via the electronic Belspo portal, to ensure notifications remain accurate. As 2022 approaches, all employers should implement the annual update on the portal to guarantee the required compliance and support any discussions during the tax audit process.

It is also advisable to maintain detailed records of R&D activities performed (including time spent) and retain such documentation for at least three years. In addition to technical documentation, employers are also recommended to keep a short summary of the general scope of the R&D program, R&D strategy, overall objectives, and estimated R&D budget for 2021.

R&D percentages (i.e., actual time spent by employees on R&D activities) are frequently a topic of discussion during tax audits. A time registration system

can improve the level of time reporting accuracy and will help employers provide tax authorities with the necessary evidence. **Deloitte Belgium has developed a simple online R&D tool to register project hours** on which our Gi3 team are readily available to provide further information.

IID notification for copyright-protected software

The explanatory memorandum and article 6(e) of the law enacted on 9 February 2017 introducing a deduction for innovation income allows companies and the FPS Finance to request binding advice from Belspo regarding copyright-protected software and derivative works, or adaptations to computer programs. Such software and adaptations are regarded as intellectual property if they are the result of R&D programs within the meaning of article 275³ WIB (Income Tax Code), in particular the wage tax exemption subsidy for knowledge workers. Binding advice provided by Belspo in the context of the wage tax exemption subsidy can therefore also be used to substantiate the innovation income deduction. However, it is recommended to submit a **separate application and request for advice** on the deduction. Companies that do not utilise the wage withholding tax subsidy must still provide the necessary documentation and formalise this in a request for advice.

Contacts

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