



Global Employer Services Reward & Mobility

Guidance issued on taxation of benefit of heating and electricity provided free to employees

On 16 March 2022, the Belgian tax authorities published a circular letter ([Dutch](#) | [French](#)) providing guidance on the applicable tax regime where heating and electricity is provided at no cost by an employer to employees.

The valuation of the benefit in kind for heating and electricity was modified by a royal decree of 19 December 2021 that applies as from 1 January 2022 (see our [tax alert](#) of 4 February 2022). Broadly, the decree provides that the lump sum valuation of the benefit only applies where the associated accommodation is also provided to the employee or company director by the employer; otherwise, the actual value of the benefit obtained is taxable (i.e., the cost of heating and electricity used for private purposes).

The circular letter does not address the relatively common situation where a taxpayer (company director) owns the home which is also the headquarters of the management company owned by the taxpayer that is paying the costs of electricity and heating, resulting in a taxable benefit in kind for the director. In accordance with the new rules, the benefit in kind must be assessed at its actual value and no longer on a lump sum basis. As a consequence, it should be possible to prorate the energy bill to exclude from the benefit in kind the portion that relates to the professional use by the management company (i.e., the part of the house that is rented or made available to the company).

It is unfortunate that the circular letter does not elaborate on this aspect, particularly since the new tax rule may have a significant impact in view of the increasing energy costs.

Depending on the situation, it may be useful for the company director to advise the payroll agency of the position and provide the agency with the necessary information to enable the calculation of the withholding tax to be adapted accordingly.

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