

Individual tax alert

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Belgian tax authorities apply zero-tolerance against tax payers who did not file a Belgian resident income tax return

As of this year, the Belgian tax authorities apply zero tolerance against Belgian tax payers who did not file a Belgian resident income tax return.

This is not entirely surprising since, last year, the Belgian tax authorities already introduced a first initiative whereby the Central Tax Office addressed 110,000 “delinquent” tax payers. Based on the information provided, this resulted in 11,000 tax fines.

In order to further reduce the number of individuals who are not filing tax returns, the Belgian tax authorities have now announced more stringent measures.

Firstly, the Belgian tax authorities have changed the basis on which an increase is computed. Until today, an increase was calculated on the remaining balance of the assessment and only in case a balance was due. Going forward, the tax increase will no longer be based on the remaining balance but on the total tax liability itself, without taking into consideration prepayments and withholding taxes. This implies that the tax increase will be higher and that, even if the balance is a tax refund, the tax payer will end up with an actual tax increase to be paid.

Secondly, next to the tax increase, the Belgian tax authorities will be stricter in imposing fines.

In practice, tax payers will first get a warning or reminder to still file their tax return. In case of no reaction to this warning, a notice of arbitrary taxation will be issued including fines and tax increases. Depending on the number of previous infringements of non-filing, the tax fine will vary from EUR 50 to EUR 1,250 and the tax increase from 10% to 200%.

Attention points

In practice, the action of the Central Tax Office also targets individuals who do not have an actual tax filing obligation. Examples include tax payers with a non-resident instead of a resident tax filing requirement or tax payers who left Belgium but still appear in the database of the tax authorities.

Given the fines, a close follow-up is needed with regard to the above mentioned tax payers in order to take the necessary actions towards the Belgian tax authorities when such requests are issued. When an official notification from the Belgian tax authorities is issued, the tax payer has to formally respond within one month to avoid tax fines and possible tax increases.

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