

Individual tax alert

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Lump-Sum Allowances for Expenses Incurred Abroad: index 2013

The updated daily lump-sum allowances paid by the Federal Service for Foreign Affairs to its public officials when on assignment abroad are published in the Belgian Official Journal. The new amounts apply as of 1 April 2013.

Deloitte's comments

According to the Belgian tax authorities, daily lump sum allowances attributed by an employer to his sedentary employee in order to reimburse costs incurred by the latter when on business trips abroad are unconditionally considered a tax-free cost proper to the employer. However, they should not exceed the lump-sum daily allowances paid by the Public Service for Foreign Affairs to its Category 1 civil servants when carrying out assignments abroad.

A business trip is defined as a short term assignment abroad under the authority of one's employer. According to the tax authorities, the notion 'short term assignment' covers a period of maximum 30 subsequent calendar days.

For business trips not exceeding 24 hours, a minimum absence of 10 hours is required. For business trips exceeding 24 hours, each entire day spent abroad may be taken into account, including the day of departure and arrival for which 50% of the allowance may be considered. Expenses incurred during business trips of more than 30 days can in principle only be reimbursed based on actual expense notes. The Ruling Committee has however conditionally accepted that 60% of the lump sum amount may be attributed as a tax-free cost proper to the employer for a period of maximum 24 months (or until the employee is permanently transferred abroad).

The daily lump-sum allowance is deemed to cover small expenses incurred when on business trips (e.g. meal expenses, local transportation costs, snacks, beverages, tips, etc.). Costs for overnight stay and travelling to the destination and back are explicitly excluded; if such costs are borne by the employee, reimbursement may only occur based on expense notes.

If the employee only bears part of the covered costs (e.g. breakfast is included in the hotel fee), the lump sum daily allowance is to be decreased accordingly in order to avoid double use. If these expenses are covered by other allowances (e.g. meal vouchers) double reimbursement is to be avoided by not granting this other allowance or by reducing the daily amount.

Allowances exceeding the lump sum amounts applied by the Public Service are in principle considered taxable remuneration. Nonetheless, when justified, a tax ruling can be requested in order to obtain a higher amount as those applied by the Public Service of Foreign Affairs.

Click [here](#) for the updated list of daily lump-sum allowances paid by the Public Service for Foreign Affairs to its Category 1 civil servants when carrying out assignments abroad.

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