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Global Employer Services
Individual tax

Income tax return: Dividend withholding tax recoverable

Following up from the 20 May 2019 tax alert on the Belgian resident income tax return, and in view of the new dividend exemption, this alert summarises the main rules to recover dividend withholding tax.

Taxation and reporting

Dividends received from a **Belgian debtor or from a foreign company, with the intervention of a Belgian intermediary,** are subject to a 30% withholding tax at source. This tax is final and the dividends should not be reported.

However, Belgian withholding tax is not due if the dividend is directly received from a **foreign debtor** without any intervention by a Belgian intermediary. This dividend should be reported (after deduction of foreign taxes) in the personal income tax return, and is subject to the flat tax rate of 30% (plus communal taxes for non-EU dividends).

Exemption

Since income year 2018, the first EUR 640 bracket of dividends from Belgian or foreign shares is tax exempt (EUR 800 for income year 2019) for individuals (Belgian residents and non-residents).

This exemption needs to be claimed in the personal income tax return.

How can exemption be claimed?

For Belgian dividends, the withheld withholding tax relating to the first bracket should be reported in code 1437-18/2437-85.

For foreign dividends, there is no separate code to report the withholding tax. Instead, the exempt bracket should be deducted from the dividend to be reported.

With Belgian and foreign dividends, the exemption only applies once and on the aggregated sum. Individuals are free to choose the income to which the exemption is applied.

Non-residents

Non-residents will be able to claim the exemption in the non-resident income tax return. If there is no other Belgian sourced income to report, a separate procedure is made available to request the reimbursement of withholding tax relating to the exempt bracket.

Requested evidence

To support the exemption claim, documents attesting the paying company's name, gross amount and payment date (among others) should be kept at the tax authorities' disposal.

Contacts

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