



Individual tax alert

Belgium

Personal income: newly published legislation



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Reformed Flemish 'woonbonus'

Flemish lawmakers have published the 19 December 2014 Decree containing the provisions regarding the implementation of the Flemish budget for income year 2015. The renewed tax deduction regarding the taxpayer's main dwelling is explained in this decree.

The new Flemish provisions refer to the fact that if the contractual agreement for the mortgage loan was concluded before or on 31 December 2014 at the latest, the deductible amount per taxpayer and per taxable year amounts to a maximum of EUR 2,280. This amount is possibly increased by EUR 760 (during the first ten taxable years after having concluded the loan agreement) and EUR 80 (with three or more dependent children) and has to be calculated at a marginal tax rate.

However, in case the mortgage loan contractual agreement was concluded as of 1 January 2015, the tax deductible amount is lowered to EUR 1,520, possibly increased by EUR 760 and/or EUR 80 (the same conditions apply), and needs to be calculated at a flat tax rate of 40%. In addition, the deductible base of EUR 1,520 will no longer be made subject to yearly indexation.

It should be noted that in order to decide whether or not the loan agreement has been concluded before or after 1 January 2015, the mortgage loan agreement needs to be notarised. The mere existence of a private deed is insufficient.

Lump sum professional expenses – new amounts

The Belgian federal government has published the Program Law of 19 December 2014 ([Dutch](#) | [French](#)) which adjusts the income brackets used to calculate the lump sum (professional) expenses amounts as referred to in article 51 BITC. The measures will be applicable as of tax year 2016 (income year 2015) and have been implemented within the context of the so-called "tax shift", with the aim of lowering the tax burden on employment income.

It should be noted that only employees who do not prove their actual professional expenses will be able to benefit from the higher deductible amounts. The lump sum amount for professional expenses made by self-employed persons, directors and co-working spouses have not been made subject to change.

Attachments:

Income year 2015: the deductible lump sum expenses increase to the following amounts (not indexed – article 2, Program Law, 19 December 2014):

Professional income (not indexed)	Deductible cost percentage applicable per income bracket
0 – 3,775.00	29.35 %
3,775.00 – 7,450.00	10.50 %
7,450.00 – 12,700.00	8 %
> 12,700.00	3 %
ABSOLUTE MAXIMUM DEDUCTIBLE AMOUNT = 2,676.25	

As of **income year 2016**, the lump sum amount for professional expenses made by an employee will further increase to (not indexed – article 3, Program Law, 19 December 2014):

Professional income (not indexed)	Deductible cost percentage applicable per income bracket
0 – 3,800.00	30 %
3,800.00 – 13,000.00	11 %
> 13,000.00	3 %
ABSOLUTE MAXIMUM DEDUCTIBLE AMOUNT = 2,760.00	

Contacts

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