



## **Global Employer Services**

### Individual tax

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## **Changes in lump-sum travel and lunch allowances for tax purposes**

The Royal Decree of 13 July 2017, which entered into force on 1 September 2017, introduces important changes regarding the lump-sum reimbursement of certain costs for civil servants of the Federal State. This may indirectly impact the acceptable amount of lump-sum allowance in the private sector.

### **General rule**

An employee on a business trip within Belgium can obtain the reimbursement of either the actual costs incurred during the business trip (based on expenses note) or of a lump-sum allowance covering the incurred costs.

The reimbursements of these costs are tax-exempt for the employee, provided they are considered a reimbursement of costs proper to the employer. In order for lump-sum allowances to qualify as costs proper to the employer, they should be based on the "serious standards" principle.

The lump-sum allowances granted by the Federal State to civil servants are accepted by the tax authorities as being up to "serious standards". Consequently, these lump-sum amounts are commonly used by the private sector to reimburse costs to their employees on a lump-sum basis.

### **Old regime**

Under the old regime, the following costs were reimbursed on a lump-sum basis to civil servants:

Type of costs	Amount (TY 2018)
A daily allowance for business trips in Belgium lasting more than 5 hours, but less than 8 hours per day.	EUR 3.98
A daily allowance for business trips in Belgium of at least 8 hours per calendar day, or if the business trip takes less than 8 hours but at least 5 hours including the 13 <sup>th</sup> and 14 <sup>th</sup> hour of the day.	EUR 20.00
A daily allowance for business trips requiring an overnight stay (free accommodation).	EUR 23.98
A daily allowance for hotel costs related to a business trip.	EUR 45.55

New regime: Applicable as of 1 September 2017

#### Applicable to civil servants

Type of costs	Amount (AY 2018)
A daily allowance for business trips in Belgium if three conditions are met simultaneously: <ul style="list-style-type: none"> <li>the business trip takes at least 6 hours;</li> <li>the civil servant must relocate during the business trip for more than 25 km away from the centre of the commune where he/she is seated;</li> <li>the civil servant is not allowed to obtain any other compensation for lunch costs.</li> </ul> <p>Monthly lump-sum allowance may be granted if the civil servant travels for professional purposes on a regular basis (max. 16 x the daily allowances, i.e. EUR 267.68).</p>	EUR 16.73
A lodging allowance for business trips requiring an overnight stay in Belgium (outside an area of 75 km) and provided no reimbursement of the hotel costs occur.	EUR 125.51

#### Impact on the private sector

As stated above, the lump-sum amounts granted by the Federal State to civil servants are accepted as being up to "serious standards" that Employers from the private sector may take into account while determining the appropriate amount of their lump-sum allowances.

Considering the entry into force of the new regime described above, it is advisable for Employers in the private sector to reassess and eventually adjust their lump-sum allowances in

light of these changes, certainly when the former regime has been used under the “serious standards” principle supporting their practice.

Consequently, the daily allowance for business trips in Belgium may need to be adjusted (decreased to EUR 16.73 from EUR 20; in case the employee needs to stay overnight, the lump-sum allowance can increase from EUR 45.55 to EUR 125.51).

It currently remains unclear whether all the conditions determined for civil servants, such as duration (e.g. business trip lasting at least 6 hours per day) or distance (e.g. trips of more than 25 km or 75 km respectively) will also apply for the private sector.

Those employers aiming to secure their practice with respect to the lump-sum reimbursement of costs proper to the employer may consider filing a tax ruling application with the Ruling Commission to obtain legal certainty.

## Benchmarking a practice

Beside the travel and lunch expenses, several other types of business expenses that are costs proper to the employer may be refunded via monthly lump sum allowances.

Deloitte’s [Representation Allowance Compass](#) can be consulted to get an idea of how much a company may consider granting as monthly representation allowance, and to benchmark against the market average.

Deloitte’s Global Employer Services team are readily available to assist in concluding an agreement with the Ruling Committee and determine the required supporting documents and appropriate company policies.

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## Contacts

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