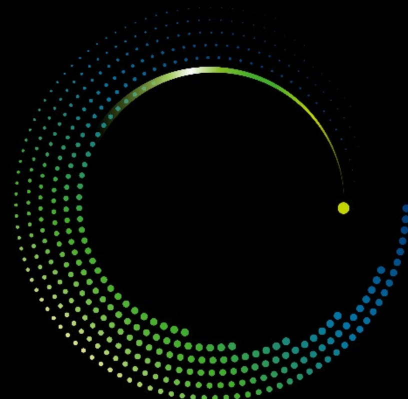
Deloitte.

International Tax
Belgium Highlights 2024

Updated March 2024



Recent developments

For the latest tax developments relating to Belgium, see Deloitte tax@hand.

Investment basics

Currency: Euro (EUR)

Foreign exchange control: There are no foreign exchange controls. However, the National Bank of Belgium (NBB, the central bank) compiles information on cross-border transactions and transactions with nonresidents (including direct investments, securities trades, and commercial credits), solely for balance-of-payment reporting purposes.

Accounting principles/financial statements: Belgian GAAP for annual accounts. IFRS is mandatory for consolidated accounts of listed companies and optional for consolidated accounts of other companies but may not be used for the annual accounts. Financial statements must be submitted annually.

Large companies must publish full annual financial statements (balance sheet, income statement, and notes to the financial statements) complying with accounting rules in the EU Fourth Directive or with IAS. Small companies may publish accounts in a simplified form. In principle and with an exception for certain types of companies, the financial statements must be audited by a statutory auditor. Financial statements must be submitted annually to the NBB.

Listed companies must publish financial information and consolidated statements twice a year.

Foreign companies with a branch in Belgium must provide the NBB each year with a copy of the annual financial statements of the foreign company and consolidated financial statements (together with a social balance sheet of the Belgian permanent establishment (PE), if it has employees in Belgium). The information must be submitted within one month after the general meeting of shareholders and at the latest seven months following the end of the financial year. The copies of the financial statements submitted must be drafted in one of the three languages of Belgium (Dutch, French, or German) depending on the registered address of the Belgian branch.

Principal business entities: These are the limited liability company (SA/NV), the private limited liability company (SRL/BV), the cooperative limited liability company (SC/CV), general partnership (SNC/VOF), or ordinary limited partnership (SCS/Comm.V). The SA/NV and the SRL/BV are the entities most commonly used by foreign businesses. Businesses also may be established as a branch of a foreign company.

Corporate taxation

Rates	
Corporate income tax rate	25%
Branch tax rate	25%
Capital gains tax rate	0%/25%

Residence: A corporation is resident if its principal establishment or place of management is in Belgium. There is a rebuttable presumption that a corporation whose registered office is in Belgium also has its principal establishment or place of management in Belgium.

Basis: Resident companies are taxed on their worldwide income. Belgian-source income of nonresident companies is subject to the nonresident income tax. In specific cases, nonresident companies without a taxable PE may be taxed on certain Belgian-source income if (i) Belgium is allocated taxation rights under an applicable tax treaty, or (ii) where there is no treaty, the nonresident cannot demonstrate that the income has been effectively taxed in its residence state. In such a case, the Belgian payer of the income must withhold professional withholding tax at a rate of 16.5% (unless the rate is reduced under an applicable tax treaty). Branches are taxed in the same way as subsidiaries.

Taxable income: A resident company is liable to corporate income tax on its worldwide income, including capital gains, less allowable deductions. Companies may deduct all business expenses when calculating taxable income, subject to the general conditions that they relate to the taxable period, sufficient documentation is available, and the expenses are "legitimate" (i.e., incurred or borne to generate or retain taxable income), and at arm's length. Royalties and all fees generally are deductible without additional requirements (except if paid to "tax haven" jurisdictions; see below).

Income from foreign real estate or branches located in jurisdictions with which Belgium has concluded a tax treaty is exempt (except for a very limited number of jurisdictions where the relevant treaty grants only a proportional reduction in the Belgian tax). Taxable income also includes income attributed to the Belgian company under the controlled foreign company (CFC) legislation (see "Anti-avoidance rules," below). Although subsidies are, in principle, part of taxable income, certain job creation subsidies, capital grants, and interest rate subsidies are exempt from corporate income tax.

A nonresident company is taxed only on Belgian-source income. A nonresident company without a PE in Belgium is liable to a final withholding tax on Belgian-source dividends, interest, and royalties, and to the nonresidents tax on Belgian real estate income. Certain other payments (e.g., service fees or fees for technical assistance) made to nonresident companies (or individuals) without a Belgian PE or a Belgian establishment (as defined under domestic legislation) may, under certain circumstances, be subject to a 16.5% withholding tax (unless the rate is reduced under an applicable tax treaty).

To level the playing field between companies that borrow and those that self-finance, a notional interest deduction (NID) was available for accounting years ending on or before 30 December 2023, calculated on the amount of equity (see "Incentives," below). The NID regime is abolished for accounting years ending after 30 December 2023.

Payments made directly or indirectly to tax haven jurisdictions (including low-tax and territorial tax jurisdictions, jurisdictions determined by the OECD not to have substantially implemented the internationally agreed tax standard on the exchange of information, and jurisdictions included in annex I of the EU list of noncooperative jurisdictions) are not deductible in calculating taxable income unless (i) they are properly reported in an annex to the annual corporate income tax return, and (ii) the taxpayer can demonstrate that the payments are made within the framework of "real and genuine" transactions with persons other than artificial arrangements.

Rate

General

The standard corporate income tax rate is 25%. Small and medium-sized enterprises (SMEs) are subject to tax at 20% on the first EUR 100,000 of income, provided certain conditions are satisfied. These include that (i) the company must qualify as an SME under company law, (ii) no more than 50% of the company's shares may be held by other companies, and (iii) the company must pay one of its executives at least EUR 45,000 annually (unless the remuneration of one or more directors is at least equal to the company's taxable profits). The corporate income tax rate applies both to subsidiaries and branches.

Surtax

There is no surtax.

Alternative minimum tax

There is no alternative minimum tax but the offset of the tax loss carryforward, dividends received deduction (DRD) carryforward, and some other tax attributes is limited to EUR 1 million plus 70% of the taxable base for accounting years starting as from 1 January 2024 (tax year 2025) (previously EUR 1 million plus 40%). This limitation creates a minimum taxable base for corporate taxpayers. A minimum tax also applies where a company's taxable result is increased following a tax audit leading to an effective tax increase of at least 10%. In such a case, no tax attributes other than the current year DRD may be offset against the tax due on the increase in the taxable base.

Global minimum tax (Pillar Two)

Belgium has transposed into its domestic legislation the EU "Pillar Two" directive that is designed to ensure a global minimum level of taxation of 15% for multinational enterprise groups and large-scale domestic groups within the EU with annual consolidated revenue of at least EUR 750 million. The IIR (income inclusion rule) applies as from 1 January 2024 for calendar year taxpayers and the UTPR (sometimes referred to as the undertaxed profit(s) rule or the undertaxed payments rule) applies as from 1 January 2025 for calendar year taxpayers. Belgium has also introduced a tax intended to be a qualified domestic top-up tax (sometimes referred to as a QDMTT), applicable as from 1 January 2024 for calendar year taxpayers.

Taxation of dividends: A 100% DRD applies for dividends received by a Belgian company from a domestic or foreign company. Dividends qualifying for the DRD may not be (fully) deductible if the recipient company is in a loss position or has insufficient available profits. Excess DRD may be carried forward indefinitely. The offset of the tax loss carryforward, DRD carryforward, and some other tax attributes is limited to EUR 1 million plus 70% of the taxable base (see "Alternative minimum tax," above).

The following requirements must be met to qualify for the DRD:

- The shareholder must hold at least 10% of the share capital of the payer company or the participation must have an acquisition value of at least EUR 2.5 million;
- The payer company must be subject to corporate income tax on the profits out of which the distribution is made ("subject to tax" requirement); and

- The shareholder must continuously have (or have had) full legal ownership of the qualifying shares for an uninterrupted period of at least one year.

Detailed and complex rules exist to determine whether dividends meet the subject to tax requirement that applies to directly held subsidiaries and, under a look-through rule, to indirectly-held subsidiaries. In this respect, Belgium also has implemented the anti-hybrid rule and the general anti-avoidance provision in the amended EU parent-subsidiary directive (see “Anti-avoidance rules,” below).

Capital gains: Capital gains derived by a corporation on the disposal of tangible and intangible assets are subject to tax at the standard corporate income tax rate of 25% (or the reduced rate for SMEs, if appropriate). However, taxation of capital gains on such assets may be deferred if the assets are held for more than five years before the disposal and the entire sale proceeds are reinvested in qualifying assets within three years (five years in certain cases). Where a qualifying reinvestment is made, the tax due is spread over the life of the asset in which the sale proceeds have been reinvested.

Capital gains from fixed income securities are taxed as profits. Net gains derived from the disposal of shareholdings are exempt if:

- The subject to tax requirement for application of the DRD is met;
- The shares have been held directly for an uninterrupted period of at least one year; and
- The same minimum holding requirement that applies for the DRD is fulfilled (i.e., a shareholding of at least 10% or an acquisition value of at least EUR 2.5 million).

Special rules apply to capital gains and losses on shares incurred by “trading companies” governed by the accounting decree of 23 September 1992.

Special rules also apply to restructurings such as mergers, splits, and contributions. The hidden capital gains on a merger or split remain tax free if the entities involved have their principal place of business in Belgium or the EU, the transaction meets the tax definition of a merger or split, and the merger or split meets a business purpose test.

Losses: Losses may be carried forward indefinitely for corporate income tax purposes by the entity that incurred the losses but generally may not be carried back. Restrictions apply in the case of a tax-neutral reorganization (e.g., merger, demerger, or contribution) or a change in control that is not justified by legitimate financial and economic reasons. The concept of control (i.e., legal control, factual control, or joint control) is defined under Belgian company law. In the case of a tax-neutral reorganization (merger, split, etc.), losses may be transferred from one entity to another. However, when a company with tax losses is involved in a tax-neutral reorganization, its losses will be reduced according to a formula based on the net fiscal value of all companies involved. Tax losses carried forward may not be offset against profits derived from “abnormal or benevolent advantages” received directly or indirectly from related companies, nor against a limited number of other taxable items. The offset of tax losses carried forward and some other tax attributes is limited to EUR 1 million plus 70% of the taxable base (see “Alternative minimum tax,” above).

Belgium introduced a number of measures to support businesses in response to the COVID-19 pandemic, including a “recovery reserve” that allows a company to set up a tax-free reserve in one or more of tax years 2022, 2023, or 2024 for the amount of operational losses recorded in the company’s financial statements for financial year 2020 (2021 for companies closing their financial years between 1 January 2020 and 31 July 2020), subject to an overall cap of EUR 20 million. A company may exempt profits from tax by allocating the profits to the recovery reserve. Application of the regime is subject to the company maintaining its equity and employment levels. The recovery reserve will become (partially) taxable in the taxable period during which the company either carries out an equity distribution or reduces its personnel costs to below 85% of the amount for the 2019 financial year. To benefit from the provision, companies must

establish and maintain the recovery reserve in their accounts for as long as the exemption is granted. Companies recording no book losses for financial year 2020 or 2021 are not eligible for the regime.

Companies must satisfy a number of conditions to qualify for the recovery reserve. Broadly, companies are excluded where they (i) are subject to a special tax regime (including investment companies and companies subject to tonnage tax), (ii) were already in financial distress as at 18 March 2020, (iii) make certain prohibited equity distributions as from 12 March 2020 through the last day of the taxable period during which the company benefits from the exemption of the recovery reserve, or (iv) have certain links with companies in tax haven jurisdictions (i.e., companies that hold shares in a company in a tax haven jurisdiction or have made payments of at least EUR 100,000 in a financial year to a company in a tax haven jurisdiction, without satisfying the required business purpose test).

Limited group utilization of losses is permitted, by allowing the consolidation of tax losses within a group consisting of Belgian companies and Belgian establishments of European Economic Area (EEA) companies. The regime broadly allows a transfer of profits to a loss-making group company based on a "group contribution agreement." A tax neutral compensation is payable to avoid a transfer of equity. The deduction is called the "deduction for group contribution" and is subject to various conditions and formalities.

Capital losses generally may be deducted from ordinary income, regardless of the period for which the asset was held. Unrealized capital losses may be deducted from taxable income immediately; gains need not be recognized until realized. Capital losses on shareholdings are not deductible, except for losses realized by "trading companies" on shareholdings recorded as part of their trading portfolio and losses realized upon liquidation of a company of an amount equal to the loss of the paid-in capital represented by the shareholding.

Foreign tax relief: A tax credit is available for foreign withholding tax levied on foreign-source interest and royalties. For foreign-source interest, the foreign tax credit may be reduced based on a debt-funding ratio.

Participation exemption: See "Taxation of dividends," above.

Holding company regime: All Belgian companies and Belgian branches of foreign companies may benefit from the participation exemption without having to satisfy any additional conditions (see "Taxation of dividends," above).

Incentives: Various investment deductions and research and development (R&D) tax credits exist for R&D-related activities.

An NID was available for accounting years ending on or before 30 December 2023 but is abolished as from tax year 2024 (i.e., accounting years ending between 31 December 2023 and 30 December 2024). Under the NID, Belgian companies and Belgian branches of nonresident companies were entitled to deduct a deemed interest expense in connection with qualifying equity. The NID was granted only on the incremental increase in equity (determined by comparing the NID equity for the relevant year calculated in accordance with Belgian GAAP with the NID equity of the fifth preceding taxable period). The NID rate was set annually based on the average 10-year government bond rate of the third quarter of the penultimate year before the tax year, with a maximum deviation from year to year of one percentage point. The rate for qualifying SMEs was increased by 0.5%. The maximum NID rate was capped at 3% for large enterprises (3.5% for SMEs). For tax year 2023 (i.e., accounting years ending between 31 December 2022 and 30 December 2023), the rate was technically -0.06% (0.44% for SMEs). However, the legislation provided that the NID did not apply if the NID rate was negative, hence only SMEs were entitled to claim the NID for tax year 2023. Most corporate taxpayers (both subsidiaries and branches) generally were entitled to benefit from the NID, but certain assets reduced the NID equity and anti-abuse rules existed.

The offset of some tax attributes is limited to EUR 1 million plus 70% of the taxable base (see “Alternative minimum tax,” above). The ability to carry forward excess NID for seven taxable periods is abolished for taxable periods ending after 30 December 2012. Although the “stock” of NID carryforwards remains available, use is restricted to 60% of the taxable base. This limit does not apply to the first EUR 1 million of the taxable base before the deduction of the NID stock. The NID stock that remains unused as a result of this limitation may be carried forward until the amount that would have been deductible in the absence of the 60% restriction has been fully utilized, even if the seven-year carryforward period has expired.

An innovation income deduction (IID) regime is available that reduces the effective rate of taxation on qualifying net income from patents, supplementary protection certificates, qualifying copyright-protected software, and various other intellectual property (IP) rights. Qualifying income, calculated using a nexus formula, also includes capital gains derived from the sale of qualifying IP, embedded royalties, and infringement compensation. Current year IID can be offset without restriction. Unused IID may be carried forward, although the offset of IID carryforwards is limited to EUR 1 million plus 70% of the taxable base (see “Alternative minimum tax,” above).

An increased one-time investment deduction of 20.5% for tax year 2024 is available for energy-saving investments, environmentally-friendly investments in R&D, and patents, among other things. Environmentally friendly investments in R&D also can give rise to a spread investment deduction equal to 27.5% of the annual depreciation expense. If there is insufficient profit to use the deduction in full, the deduction may be carried forward indefinitely, subject to certain restrictions on the offset of the carried forward amount. Companies can opt for a tax credit for environmentally friendly investments in R&D as an alternative to the increased investment deduction.

SMEs can claim an 8% ordinary one-time investment deduction on certain qualifying assets. An increased one-time investment deduction of 27.5% is available for qualifying investments in the security of business premises and certain company cars. Where an SME has insufficient taxable profit to use the ordinary investment deduction in full, any excess amount can only be transferred to, and utilized in, the following taxable period (subject to the same restrictions on the offset of the carried forward amount).

Companies that invest in new zero-emission trucks or the installation of hydrogen refueling or electric charging infrastructure for zero-emission trucks benefit from an additional increased investment deduction. The deduction amounts to 42% for investments made in 2024.

A tonnage tax regime applies to shipping companies and has been approved by the European Commission until the end of 2027.

Compliance for corporations

Tax year: The tax year is the accounting year, which may be the calendar year or any other 12-month period. Shorter and longer accounting years may be used in specific circumstances, such as a first extended accounting year.

Consolidated returns: Consolidated returns are not permitted. Each company must file its own return.

Filing and payment: Companies must file a tax return no later than the last day of the seventh month following the end of the financial year and the return must be based on the approved financial statements. The tax authorities may extend the filing date at the taxpayer’s request. Electronic filing via the “Biztax” portal is mandatory for all taxpayers subject to corporate income tax or legal entities tax (broadly applicable to resident legal entities not engaged in a business or other profit-making activities).

Corporate income tax is prepaid on a quarterly basis. Advance payments are due 10 days (or the first business day thereafter) after the first, second, and third quarters of a company's financial year and within 20 days of the beginning of the last month of the financial year. The tax authorities will issue a final assessment notice following submission of the return. If the prepayments result in an overpayment once the final tax liability is calculated, the difference will be refunded unless a request is filed to carry forward the overpayment.

Penalties: Penalties apply for failure to comply with the tax legislation or to make advance payments based on estimated annual income. Administrative penalties for noncompliance with the tax legislation include fixed monetary penalties ranging from EUR 50 to EUR 1,250 (for every violation of the income tax code) and penalties ranging from 10% to 200% of the tax due (for failure to file, or late filing of returns and other forms).

A 6.75% surcharge applies to underpayments of corporate income tax for tax year 2024.

Criminal sanctions (including imprisonment and fines) may apply in cases of tax fraud.

The penalty for noncompliance with the transfer pricing documentation requirements ranges from EUR 1,250 to EUR 25,000 for a second violation.

The penalty for noncompliance with DAC 6 obligations (see "Disclosure requirements" under "Anti-avoidance rules," below) ranges from EUR 1,250 to EUR 100,000, depending on the nature and prevalence of noncompliance.

Rulings: A taxpayer may submit a written request to the Federal Ruling Commission for an advance ruling on the tax consequences of a proposed transaction. The request must concern an actual transaction or situation, rather than a hypothetical situation, and may relate to any federal tax or regional tax collected at the federal level. In principle, rulings are granted for a maximum period of five years, unless a longer period is justified. A ruling is binding on the Belgian tax authorities but not on the taxpayer and the taxpayer is not required to carry out the transaction. Rulings are not binding if (i) the conditions for application of the ruling are not satisfied, (ii) the facts on which the ruling is based are not accurately described, or (iii) there is a change in the law or conflict with a legal provision of domestic law, an applicable tax treaty, or EU law.

Individual taxation

Rates		
Individual income tax rate (excluding communal surcharges)	**Taxable income (EUR)**	**Rate**
	Up to 15,820	25%
	15,820–27,920	40%
	27,920–48,320	45%
	Over 48,320	50%
Capital gains tax rate		0%/16.5%/33%

Residence: For federal income tax purposes, individuals are resident in Belgium if their domicile is in Belgium during the income year. This is determined based on the relevant factual circumstances and generally coincides with the taxpayer's center of vital interests.

The domicile of a married taxpayer is irrefutably deemed to be the place where the taxpayer's family is established. Furthermore, an individual who is listed in the national register (i.e., an individual with a work permit or, for an EEA national, a residence permit) is deemed to be domiciled in Belgium, unless otherwise demonstrated.

If not Belgian domiciled, individuals may be considered Belgian tax resident if their seat of wealth (i.e., the place where they manage their estate) is in Belgium.

For regional income tax purposes, the individual's tax domicile on 1 January of the assessment year is decisive when determining to which regional system a Belgian resident is subject.

Basis: Individuals whose domicile is in Belgium are considered residents. They are subject to Belgian resident income taxation and are taxed on their worldwide income. Taxation occurs at the federal (national), regional (the Brussels, Flemish, or Walloon regions), and communal level.

Taxable income: Residents are taxed on their worldwide income from movable and immovable property, as well as their worldwide professional and miscellaneous income. Foreign-source income may be exempt based on an applicable tax treaty. Belgium applies the exemption with progression method so that the net exempted income is considered when determining the applicable tax rates on the total income.

Inbound taxpayers and inbound researchers taking up employment in Belgium may apply to benefit from the special expatriate regime for an initial period of five years, with a possible three-year extension. The application must be made within three months following the start of the Belgian employment. To qualify for the beneficial regime, the individual must meet a number of conditions, including the following:

- A minimum gross compensation threshold of EUR 75,000 (subject to potential indexation every three years)—an exception is made for researchers;
- During the 60 months prior to the start of the employment in Belgium, the individual must:
  - Have lived at least 150 kilometers from the Belgian border;
  - Not have been considered Belgian tax resident; and
  - Not have been subject to Belgian (nonresidents) tax on professional income in Belgium; and
- The individual must either be directly recruited from outside Belgium or posted to a Belgian company, a Belgian branch of a foreign company, or an association with legal personality.

The benefits of the special expatriate regime are as follows:

- The employer may pay an additional tax-free cost proper to the employer of 30% (capped at EUR 90,000, subject to potential indexation) on top of the agreed compensation. The lump sum is deemed to cover regularly recurring expenses incurred by the taxpayer as a result of their employment or assignment/transfer; and
- The payment of school fees and certain relocation and furnishing expenses also is considered a tax-free cost proper to the employer, subject to conditions.

Under the special expatriate regime, individuals are by default considered Belgian tax residents. It is however possible to establish Belgian nonresidency where an annual residency certificate is provided by the other state.

For income year 2023 (tax year 2024) income from regulated saving deposits is tax exempt up to EUR 1,020 and the first EUR 833 of dividend income is exempt from personal income tax.

Rates: Rates are progressive up to 50% (increased by communal surcharges ranging from 0% to 9% of the tax bill), raising the average marginal tax rate to 53.5%.

Nonresidents pay local tax at 7%, irrespective of the rate applied by the commune in which they reside.

Interest generally is subject to 30% withholding tax at source, although a reduced rate of 15% applies in certain limited situations (see "Interest" under "Withholding tax," below).

Dividends generally are subject to 30% withholding tax at source, although the rate is reduced to 15% or 20% for dividends paid by SMEs on certain categories of shares. Dividend distributions out of the liquidation reserve (i.e., profits after tax that have been retained in the company as a liquidation reserve subject to payment of tax at the rate of 10%) generally are subject to an additional withholding tax of 5%, 17%, or 20%, depending on the circumstances. Where the distribution occurs at the time of the liquidation, the 10% tax initially paid becomes the final tax due. Dividends from certain real estate investment companies benefit from a 15% withholding tax rate (see "Dividends" under "Withholding tax," below).

Capital gains: Capital gains on assets derived by individuals engaged in business activities generally are taxed in a similar manner to gains derived by corporations.

Capital gains derived from tangible fixed assets that have been used for business activities for more than five years are taxed at 16.5% (increased by the relevant communal surcharge) in certain circumstances. Capital gains on private movable assets (including shares) may be treated as miscellaneous income and taxed at a separate tax rate of 33% (increased by the relevant communal surcharge) where the activities giving rise to the gains go beyond the normal management of the individual's private estate (i.e., they are "abnormal" or "speculative"). The criteria to determine whether an operation should be considered abnormal or speculative are defined by case law and include, among others, a short time frame between acquisition and disposal, a disproportionate difference between the purchase and sale price, etc. Each case must be assessed individually.

Capital gains derived from the sale of shares are tax exempt to the extent the sale can be considered "nonspeculative" and normal management of an individual's private wealth. If the individual has effectively been trading, the capital gains may be deemed to constitute professional income, subject to tax at the generally applicable individual income tax rates (increased by the relevant communal surcharge) and social security contributions.

Capital gains derived by an individual from the transfer of shares in a Belgian company to a legal entity established outside the EEA may be taxable if, at any time in the five years preceding the transfer, the person disposing of the shares held a substantial participation in the resident company (at least 25% of the shares, either alone or together with a related person). The tax is payable at a flat rate of 16.5% (increased by the relevant communal surcharge).

Capital gains realized on the sale of immovable property are tax exempt, unless the gains originate from a sale of immovable property within five years (buildings, other than the principal private residence) or eight years (land) after purchase. In such cases, capital gains tax of 16.5% (buildings) or 16.5%/33% (land) is due (increased by the relevant communal surcharge). Capital gains realized on the sale of a private residence are tax exempt to the extent that the building has been occupied by the owner for a continuous period of 12 months preceding the sale (and the notional rental value of the immovable property has been tax exempt during this period). Capital gains on private immovable assets may be treated as miscellaneous income and taxed at a separate tax rate of 33% (increased by the relevant communal surcharge) if the transaction goes beyond the normal management of the individual's private estate.

All other private capital gains are, in principle, tax exempt.

Deductions and allowances: Resident taxpayers and nonresident taxpayers receiving more than 75% of their income from a Belgian source may make several personal deductions from their total income (including a tax-free amount and a marital quotient), provided certain conditions are met. Where the taxpayer's spouse does not work, a deduction also is available for the marital quotient that allocates 30% of the main earner's income to the spouse, up to a maximum of EUR 13,050 (income year 2024, tax year 2025).

Taxpayers are granted a tax-free personal allowance based on their personal situation (e.g., single, dependent children). The basic lump sum amounts to EUR 10,570 (income year 2024, tax year 2025) and is increased in the case of dependent children or dependent relatives, or if the taxpayer is disabled.

Foreign tax relief: Belgium does not operate a system of tax relief for foreign taxes paid by individuals; instead, Belgium exempts the income in accordance with the exemption with progression method (see "Taxable income," above). For dividend and interest income, Belgium applies the relevant tax treaty. Foreign dividend and interest income may be subject to double taxation unless Belgian domestic legislation provides a tax exemption.

Other: Resident taxpayers and nonresident taxpayers receiving more than 75% of their income from a Belgian source also are entitled to tax credits at the federal level for various expenses, including premiums for endowment-type life insurance policies, pension contributions, charitable donations, childcare costs (for children up to age 14), service vouchers, and reimbursement for mortgage loans to acquire/maintain a dwelling other than the taxpayer's main residence.

Regional tax credits also are available and vary from region to region.

The tax benefits are pro-rated where the taxable period for an individual (resident or nonresident) does not correspond to an entire calendar year (e.g., where there is a change in residential status).

Compliance for individuals

Tax year: The tax year is the calendar year.

Filing status: A married couple (or legally cohabiting partners) living together must file a joint return, but their incomes are not aggregated, and the tax liability is computed on an individual basis.

Filing and payment: Resident individuals must file an annual tax return by the end of June following the tax year (an extended deadline generally is fixed around mid-July for taxpayers filing their income tax return electronically, via "Tax-on-Web"). The tax authorities will issue an assessment notice after submission of the return. Employees and directors are subject to payroll tax withholding at source, although individuals on a split payroll may need to pay additional taxes. Self-employed individuals are required to prepay estimated tax under principles similar to those applied to businesses.

Different requirements apply to nonresidents and complex tax returns.

Resident individuals must report all foreign real estate to the Belgian General Administration of Patrimonial Documentation. Individuals becoming Belgian tax resident on or after 1 January 2021 must report all foreign real estate they own as at the date of becoming resident.

Penalties: Administrative penalties for noncompliance with the tax provisions range from 10% to 200% of the tax due. The penalty for noncompliance with the reporting requirements regarding "tainted legal arrangements" amounts to EUR 6,250. Criminal sanctions (including imprisonment and fines) may apply in cases of tax fraud.

Penalties for failure to comply with the obligation to report foreign real estate range from EUR 1,000 to EUR 3,000, unless the failure to report is due to circumstances beyond the taxpayer's control, in which case no penalties arise.

Rulings: A taxpayer may submit a written request to the Federal Ruling Commission for an advance ruling on the tax consequences of a proposed transaction (see "Rulings" under "Compliance for corporations," above). A taxpayer also may submit a written request to the Flemish Taxation Service for an advance ruling on regional tax matters governed by

the Flemish Taxation Code (e.g., inheritance taxes). The legislation governing these regional rulings is very similar to that governing federal tax rulings. No regional ruling framework exists in the Brussels or Walloon regions.

Withholding tax

Rates

Type of payment	Residents		Nonresidents	
	Company	**Individual**	**Company**	**Individual**
Dividends	30% (default)/ 0%/15%/20%	30% (default)/ 5%/15%/20%	30% (default)/ 0%/15%/20%	30% (default)/ 5%/15%/20%
Interest	0%/15%/30%	0%/15%/30%	0%/15%/30%	0%/15%/30%
Royalties	15%/30%/Various	15%/30%/Various	15%/30%/Various	15%/30%/Various

Dividends: The default withholding tax rate on dividends paid both to residents and nonresidents is 30%. Under Belgium's implementation of the EU parent-subsidiary directive and provided certain formalities are fulfilled, no tax is withheld on dividends paid to a company established in Belgium or another EU member state that holds directly at least 10% of the payer company, provided the participation is held for an uninterrupted period of at least one year. Subject to the same participation and holding period requirements, the exemption also applies to dividends paid to qualifying corporate shareholders established in an EEA member state or a jurisdiction with which Belgium has concluded a tax treaty containing a qualifying information exchange clause. An exemption also applies to dividends paid to corporate shareholders established in an EU/EEA member state or a jurisdiction with which Belgium has concluded a tax treaty containing a qualifying information exchange clause that own a direct shareholding in the Belgian payer company of less than 10% but with an acquisition value of at least EUR 2.5 million for an uninterrupted period of at least one year in full legal ownership, to the extent that the Belgian withholding tax (if due) would not be creditable or refundable abroad. If no exemption applies, a reduced withholding tax rate may apply under an applicable tax treaty.

The withholding tax on liquidation dividends also is 30%. An exemption may apply if the parent company is headquartered in the EU (because the distribution is classified as a dividend and Belgium has extended the benefits of the EU parent-subsidiary directive to such cases) or in a non-EU jurisdiction that has a qualifying applicable tax treaty with Belgium.

A specific liquidation reserve regime applies for SMEs, under which, subject to certain conditions, no additional withholding tax is due upon the payment of liquidation dividends to corporate shareholders if a separate 10% tax is prepaid upon the creation of the reserve. Dividend distributions to individual shareholders out of the liquidation reserve generally are subject to an additional withholding tax of 5% or 20%, depending on the circumstances.

A reduced withholding tax rate applies to certain dividends relating to shares issued in exchange for cash contributions into SMEs as from 1 July 2013. The rate is 30% for dividends distributed before the second accounting year after the cash contribution, 20% for dividends distributed during the second accounting year after the contribution, and 15% for dividends distributed in the third accounting year after the contribution and subsequent years.

Capital decreases and reimbursements of assimilated issue premiums and profit shares are partially treated as dividend distributions for income tax purposes, triggering the imposition of withholding tax. The capital decrease is allocated to fiscal capital and to reserves according to a pro rata coefficient. The portion allocated to fiscal capital is excluded from the "taxable dividend" definition and exempt from tax. To the extent the capital decrease is allocated to reserves, a taxable dividend is distributed, triggering withholding tax. Corporate tax may be due to the extent that the capital decrease is allocated to tax-free reserves incorporated into capital.

Interest: Interest paid to a resident or nonresident generally is subject to a 30% withholding tax (15% for interest on specific government bonds and regulated savings deposits exceeding certain thresholds), unless an exemption applies under domestic law or, in the case of interest paid to nonresidents, the rate is reduced under an applicable tax treaty or an exemption applies under the EU interest and royalties directive (IRD).

Under Belgium's implementation of the IRD and provided certain formalities are fulfilled, interest paid is exempt from withholding tax if the recipient is an associated company of the payer company and is resident in another EU member state or is a PE of such a company situated in another member state. Two companies are associated for these purposes if one company holds directly or indirectly at least 25% of the capital of the other company, or a third EU company holds directly or indirectly at least 25% of the capital of each of the two companies. The companies must have a legal form listed in the annex to the IRD and be subject to corporate income tax. The participation in the associated company must be held for a continuous period of at least one year.

The exemptions under domestic law for interest paid to nonresidents include interest paid by certain listed holding companies or holding companies owned by a listed company, interest paid by a Belgian bank or other financial institution, and interest paid to financial institutions in treaty jurisdictions. Specific conditions must be met.

Royalties: The withholding tax rate on royalties paid both to residents and nonresidents generally is 30%, reduced by a standard expense deduction of 15%. The rate is 15% for certain income from literary and associated rights and from legal and compulsory licenses not exceeding EUR 70,220 (for tax year 2024). Above this threshold, the tax rate depends on the nature of the activity generating the income. Where the income is derived from professional activities, progressive tax rates apply; otherwise, the rate is 15%. Expenses may be deducted but are limited as follows: 50% of the first bracket of EUR 18,720 and 25% of the bracket between EUR 18,720 and EUR 37,450, subject to an overall cap of EUR 14,043 (for tax year 2024). The rate may be reduced under an applicable tax treaty or where the IRD applies. The beneficial tax regime for literary and associated rights was substantially reformed as from 1 January 2023 and transitional provisions apply for tax year 2024 for those previously eligible for the regime that do not meet the more stringent conditions of the new scheme.

Under Belgium's implementation of the IRD and provided certain formalities are fulfilled, royalty payments are exempt from withholding tax if the recipient is an associated company of the payer company and is resident in another EU member state or is a PE of such a company situated in another member state. Two companies are associated for these purposes if one company holds directly or indirectly at least 25% of the capital of the other company, or a third EU company holds directly or indirectly at least 25% of the capital of each of the two companies. The companies must have a legal form listed in the annex to the IRD and be subject to corporate income tax. The participation in the associated company must be held for a continuous period of at least one year.

Fees for technical services: Fees for technical services generally are not subject to withholding tax. However, if such payments are made to related entities in non-treaty jurisdictions or, in certain very limited circumstances, treaty jurisdictions, withholding tax must be withheld at a rate of 25%. The effective withholding tax rate is reduced to 12.5% as the result of a 50% lump sum cost deduction. Further reductions may be available under an applicable tax treaty.

Branch remittance tax: There is no branch remittance tax.

Anti-avoidance rules

Transfer pricing: Transactions between a Belgian parent company and its subsidiaries, between a parent company or other subsidiaries and a Belgian subsidiary, or between the head office or other branches of a foreign company and a

Belgian branch, must be carried out at arm's length. The Belgian tax authorities can impute a deemed profit for transactions carried out other than at arm's length. If advances or loans are granted to companies within a group, the tax authorities require that the lending company charge the borrowing company an appropriate interest rate. Loans received from related persons or enterprises established abroad also must be concluded at arm's length.

Charges relating to management services or technical fees should be substantiated by evidence of actual services obtained by the Belgian enterprise. Payments of interest, royalties, and other fees (whether directly or indirectly) to a non-EEA beneficiary located in a tax haven or to a company benefiting from a special tax regime are not tax deductible unless the payment is at arm's length and relates to a genuine transaction (see "Taxable income" under "Corporate taxation," above).

Bilateral and multilateral advance pricing agreements (APAs) may be obtained under tax treaties.

Country-by-country (CbC) reporting requirements apply to Belgian resident ultimate parent companies or other Belgian resident reporting entities of groups whose consolidated group revenues exceed EUR 750 million. The CbC report must be filed within 12 months after the last day of the reporting period. In principle, the Belgian tax authorities should be notified of which group entity will file the CbC report before the last day of the financial year.

A Belgian company that is part of a multinational group is required to file master and local files if it exceeds any of the following thresholds based on its standalone statutory accounts (i) combined operating and financial income of EUR 50 million, (ii) a total balance sheet of EUR 1 billion, or (iii) an annual average number of 100 full-time equivalent employees.

The master file provides an overview of the multinational group, including the organizational structure, activities, intangibles, intercompany financial transactions, consolidated financial and tax position of the group, transfer pricing policy, and worldwide allocation of income and economic activities. It must be submitted within 12 months after the last day of the reporting period.

The local file consists of two forms. Part 1 provides information on the types of activities performed by the Belgian group entity and an overview of the relevant intercompany transactions. Part 2 provides information per business unit of the Belgian group entity, including a detailed transfer pricing analysis for intragroup transactions of that business unit exceeding EUR 1 million. The local file must be filed with the corporate income tax return of the Belgian entity.

Interest deduction limitations: Belgium has two debt-to-equity requirements, including a thin capitalization rule for intragroup loans:

- A 1:1 debt-to-equity ratio applies for financing obtained from certain direct shareholders/individuals or from directors, executive managers, and liquidators (individuals or legal entities) of the company (including loans from spouses and children), unless the director is a company resident in an EEA member state. Where total debt exceeds the company's equity, the interest paid is recharacterized as a dividend; and
- A 5:1 debt-to-equity ratio applies for financing where the beneficial owner of the interest is:
    - Not subject to tax or is subject to tax on the income under a tax regime that is significantly more advantageous than the Belgian tax regime ("tax haven loans"); or
    - Part of the same group of affiliated companies and the interest is payable under a loan agreement that it has been demonstrated was concluded before 17 June 2016 and not "substantially" modified since that date.

Exceptions to the 5:1 debt-to-equity ratio apply to, among others, bonds and other debt issued by public offering, loans granted by certain banks and other financial institutions, loans contracted by certain leasing companies, and certain forms of centralized treasury management.

Belgium also applies the interest deduction limitation rule in the EU Anti-Tax Avoidance Directive (ATAD), according to which any arm's length "exceeding borrowing costs" generally are deductible only up to the higher of 30% of the taxpayer's EBITDA (earnings before interest, taxes, depreciation, and amortization) or EUR 3 million. The rule does not apply to financial and nongroup companies. Any unused excess interest deduction may be carried forward and any interest deduction capacity may be transferred to another qualifying group member. The EBITDA rule does not apply to (i) loans concluded before 17 June 2016 and not substantially modified after that date, and (ii) "tainted" loans with entities located in tax haven jurisdictions that remain subject to the 5:1 thin capitalization rule as described above.

Controlled foreign companies: For tax year 2024 and subsequent years (accounting years ending on or after 31 December 2023), CFC rules based on the entity approach ("model A") apply. This replaces the transactional approach ("model B") that had previously applied since the introduction of CFC rules in Belgium on 1 January 2019.

A Belgian company is taxed on the undistributed passive income of a foreign company or establishment that is considered a CFC. A foreign entity must meet both a participation requirement and a taxation requirement to qualify as a CFC (with a rebuttable presumption that the taxation requirement is met if the entity is located in a jurisdiction that is on the EU or Belgian list of tax haven jurisdictions).

Three exclusions exist:

- Substantial economic activity: The CFC income is not taxable in the hands of the Belgian taxpayer if the foreign entity carries out "substantial economic activities." Whether economic activities qualify as substantial is determined on a case-by-case basis by reference to the personnel, equipment, assets, and buildings used to carry out the activities.
- Less than one-third passive income: To the extent that the passive income of the CFC is less than one-third of the CFC's total income, there is no taxable CFC income in the hands of the Belgian taxpayer.
- CFC active in the financial sector: There is no CFC inclusion in the hands of the Belgian taxpayer to the extent that the CFC is active in the financial sector (this includes pension funds and collective investment undertakings) and less than one-third of the CFC's passive income is earned through transactions with the Belgian taxpayer or its associated entities.

Belgian corporate taxpayers are required to self-assess whether they have CFCs in their structures and to disclose all CFCs in their corporate income tax return (even if they would qualify for one of the exclusions).

Anti-hybrid rules: The treatment of "hybrid mismatches," "hybrid entities," and "hybrid transfers" is aligned with the ATAD, either by creating a taxable event, by disallowing an expense, or refusing a foreign tax credit.

Economic substance requirements: There are no specific economic substance requirements in Belgian legislation. However, lack of sufficient (economic) substance may be challenged by the tax authorities based on the general anti-abuse rule (GAAR) embedded in Belgian tax law or other specific anti-avoidance rules.

Tax treaties concluded by Belgium also may include specific substance requirements.

Disclosure requirements: Payments related to transactions with entities resident in tax haven jurisdictions, payments to establishments located in tax haven jurisdictions, or payments to bank accounts managed by residents or establishments located or domiciled in such jurisdictions must be disclosed in an annex to the corporate income tax return (see "Taxable income" under "Corporate taxation," above).

Payments by employers in relation to nonstatutory pension schemes, pensions, and allowances must be disclosed.

Companies reporting CFC income also must disclose this in an annex to the corporate income tax return.

Belgium has implemented the EU Directive on Administrative Cooperation (DAC 6), including the obligation for intermediaries and relevant taxpayers to disclose "cross-border tax arrangements" that meet certain "hallmarks" and, where required, a "main benefit test," within the time limits for disclosure (in general, 30 days after a "triggering event").

Exit tax: Further to the implementation of the ATAD, exit tax is due upon the transfer of assets out of Belgium to treaty-exempt foreign PEs. In that case, hidden gains (i.e., the positive difference between the fair market value of an asset and its acquisition or investment value reduced by the accepted write-offs and depreciation) are taxed at the time of transfer of the assets at the standard corporate income tax rate of 25% (or the reduced rate for SMEs, if appropriate) with the option to pay the tax in equal installments over a five-year period.

In respect of inbound transfers and where there is no evidence to the contrary, the value established by the exit state is presumed to be the fair market value at the time of transfer (a "step-up"), where (i) the gain has been effectively included in the taxable base in the exit state, and (ii) Belgium has concluded a tax treaty or other agreement with the exit state that allows for an exchange of information. Where the exit state's fair market value rule does not apply, the fair market value is deemed equal to the acquisition or investment value less any write-offs and depreciation according to Belgian income tax legislation.

General anti-avoidance rule: Under the GAAR, the tax authorities are required to determine that tax abuse exists based on objective circumstances. Tax abuse arises where a taxpayer carries out a transaction that allows it to avoid tax or claim a tax benefit that is contrary to the legislative intent of the law. A taxpayer can avoid the application of the GAAR by demonstrating that the transaction can be justified by motives other than tax avoidance, i.e., that the taxpayer's choice "essentially" is motivated by nontax reasons. If the taxpayer fails to demonstrate one or more sufficient nontax motives, the tax authorities can "restore" the taxable base and tax computation in such a way that taxation in accordance with the legislative objectives is possible, as if there was no abuse.

Other: In limited circumstances, certain purely tax-driven transactions may be recharacterized under, or prevented by, specific anti-abuse provisions, e.g., where there is a change of control, the DRD applies, or the tax-neutral treatment for reorganizations is claimed.

Value added tax

Rates	
Standard rate	21%
Reduced rate	0%/6%/12%

Taxable transactions: VAT is imposed on the provision of most goods and services, including digital services. Many exemptions exist (e.g., for exports and intra-EU supplies).

A taxpayer is required to issue invoices for all supplies to taxable persons or nontaxable legal persons. E-invoicing is permitted in certain circumstances but is mandatory only for invoices to a government for contracts with an estimated value of at least EUR 30,000 (EUR 3,000 as from 1 March 2024).

Input VAT is deductible if it relates to the provision of taxable supplies.

Rates: The standard VAT rate is 21%; reduced rates of 0%, 6%, and 12% apply in certain cases. The zero rate applies to daily and weekly publications and certain recycled goods; the 6% rate applies to most basic goods, such as food, water, electricity, gas, and pharmaceuticals; and the 12% rate applies to items including social housing and restaurant services. Imports for consumption in Belgium are subject to the same VAT rates as domestic products.

Registration: There is no de minimis threshold for VAT registration in Belgium.

Companies must register for VAT purposes with the competent VAT office before commencing their VATable activities. Registration is a fully electronic procedure via the MyMinFin portal. Upon confirmation of the registration, the enterprise number assigned to the company on registration with the Crossroad Bank for Enterprises is activated as the VAT ID. SMEs with an annual turnover not exceeding EUR 25,000 may be considered VAT-exempt taxpayers, but still must register for VAT purposes.

Filing and payment: The VAT return must be filed monthly or quarterly, and any tax due must be paid when the return is filed. A penalty of EUR 100 per return/per month delay (maximum EUR 1,000) is imposed for late filing of the VAT return. Interest is charged for late payment of VAT in 2024 at a rate of 8% per annum of the VAT due. An additional penalty of 15% of the VAT due is imposed from the time a special account is opened by the tax authorities due to late payment or late filing.

Other taxes on corporations and individuals

Unless otherwise stated, the taxes in this section apply both to companies and individuals and are imposed at the national level.

Social security contributions: Both employers and employees are liable for social security contributions. The base employer contribution is 30.57% of 1.08 times the gross salary for blue-collar employees and 25% of gross salary for white-collar employees. For blue-collar employees, an additional annual contribution of 10.27% is due on 1.08 times the gross salary. However, the level of employer contributions varies depending on the size and industry of the company, as well as the employee's salary. For example, the average employer contribution for white-collar employees is approximately 28% owing in part to increases incorporated in collective labor agreements. These increases also exist for blue-collar employees. Special regimes may apply, e.g., SMEs benefit from an exemption for the first hire and temporary reductions for the next five hires, and companies with fewer than 20 employees pay slightly less.

Certain elements of the salary package are subject to a special social security contribution (e.g., a carbon dioxide solidarity contribution for the private use of a company car, a contribution of 8.86% due on the employer's contribution for group insurance, and a 3% contribution referred to as the "Wijninckx contribution" on extra-legal pension premiums exceeding certain thresholds). Social security contributions are deductible business expenses for corporate income tax purposes.

The general employee contribution rate is 13.07% of gross salary for white-collar employees and 13.07% of 1.08 times the gross salary for blue-collar employees.

Social security contributions for self-employed individuals are capped at EUR 4,952.48 (excluding administrative fees) per quarter on an annual income of EUR 107,300.30 (income year 2024). The contribution rate is 20.5% on the first income bracket (up to EUR 72,810.95) and 14.16% on the second income bracket (from EUR 72,810.95 to EUR 107,300.30).

For inbound taxpayers and inbound researchers benefitting from the special expatriate regime, the tax-free amount and the reimbursement of school fees and certain relocation and furnishing expenses also are exempt from social security contributions under certain conditions.

Payroll tax: A payroll tax is withheld by employers on remuneration and pensions paid to resident or nonresident employees and directors for whom such payments constitute taxable professional income. Partial professional withholding tax exemptions are available for certain types of employee (e.g., researchers) or employment (e.g., overtime work, night work, shift work, and work in aid zones).

Belgian employers are not only required to report and withhold wage taxes on all remuneration paid by a Belgian legal entity, but also on remuneration paid or granted by a foreign related company to an individual working for the benefit of a Belgian entity or Belgian establishment. The Belgian entity must comply with reporting and withholding rules regardless of whether it intervenes in the payment process or whether the related cost is recharged to the Belgian entity.

Capital duty: There is no capital duty other than a fixed fee of EUR 50. An exception may apply for companies in the case of “mixed” contributions.

Real property tax: An annual tax is imposed at the regional level on the notional rental income of immovable property (land, buildings, and industrial equipment) located in Belgium. The rate varies depending on the region in which the property is located. In the Flemish region, the rate is 3.97% of the notional rental value; in the Brussels and Walloon regions, the rate is 1.25%. Both provinces and communes are entitled to impose surcharges. The tax and surcharge are deductible for corporate income tax purposes but nondeductible for individual income tax purposes unless the building is used for business purposes.

Individuals also are subject to a capital acquisition tax on the acquisition of real estate at a rate of 12.5% in the Brussels and Walloon regions, and 10% in the Flemish region. Reduced rates of 5% or 6% (in the Walloon region) and 1% or 3% (in the Flemish region) may apply if certain conditions are satisfied.

Transfer tax: Transfer (or registration) taxes apply to the transfer and leasing of real estate located in Belgium, at rates ranging from 0.2% to 12.5% (depending on the type of transaction and the region in which the property is located).

Stamp duty: Stamp duty is imposed only in a limited number of cases, e.g., stock exchange tax on transactions in public securities and other financial instruments (at rates ranging from 0.12% to 1.32%), and the duty on insurance premiums (at rates ranging from 1.1% to 9.25%).

Net wealth/worth tax: There is no net wealth tax or net worth tax. However, an annual tax applies to securities accounts held by resident and nonresident individuals, companies, and legal entities (including legal arrangements subject to the “Cayman tax” intended to prevent Belgian residents from obtaining a tax advantage by holding assets in low-taxed entities by imposing “look-through taxation” and a tax on distributions). For residents, both Belgian and foreign securities accounts are within the scope of the tax, whereas for nonresidents, the tax may apply only to Belgian securities accounts. However, certain tax treaties concluded by Belgium prevent the application of the tax to securities accounts held exclusively by a nonresident. The tax is imposed at 0.15% on the average value of taxable financial instruments held within the securities account (excluding nominative securities), where the average value exceeds EUR 1 million during the reference period. An exemption applies to securities accounts held by certain financial undertakings. The reference period runs from 1 October through the following 30 September.

Inheritance/estate tax: Belgian inheritance tax is imposed by the regions and is subject to regional variations. The tax applies to the worldwide assets of a deceased individual who was resident in Belgium at the time of death. If the deceased was resident outside Belgium at the time of death, transfer tax is levied on the transfer of Belgian real estate. The applicable rules and rates are determined by the region where the deceased was resident for most of the last five years before death. For spouses, partners (as defined in legislation), and direct-line descendants, the inheritance tax rate ranges from 3% to 30% in the Brussels and Walloon regions, and from 3% to 27% in the Flemish region. In the Flemish region, inheritance tax is calculated separately for movable and immovable property, resulting in an overall lower inheritance tax burden. Higher rates (up to 80% in the Brussels and Walloon regions, and 55% in the Flemish region) apply to more distant relations and unrelated beneficiaries. Lower rates and/or deductions sometimes may apply. In all three regions (i) the family home is exempt from inheritance tax if inherited by the spouse or partner, (ii) a beneficial

regime exists for the inheritance of family businesses, subject to conditions (exemption in the Walloon region; in the Brussels and Flemish regions, a 3% rate for transfers to direct-line descendants, spouses, and partners, and 7% for transfers to other family members or unrelated parties), and (iii) reduced rates ranging from 7% to 25% apply to transfers to private foundations. In the Brussels and Walloon regions, the 7% rate applies for transfers to charities (subject to conditions). In the Flemish region, charities are exempt from inheritance tax (subject to conditions).

Other

Gift tax

Gift tax is imposed by the regions and is subject to regional variations. To determine the applicable rules and rates, it is necessary to determine in which region the Belgian resident donor primarily lived during the last five years prior to the donation. Where a nonresident donor donates immovable property, the rules and rates are determined by the region in which the immovable property is situated. Where a nonresident donor donates movable property, the rules and rates are determined by the region in which the donee primarily lived during the last five years prior to the donation (if the donee is a Belgian resident) or by the region in which the deed of donation is registered (if the donee is not a Belgian resident).

The donation of Belgian immovable property involves drawing up and registering a deed of donation and paying gift tax to the relevant local authority. Immovable property gift tax rates for spouses, partners, and direct-line descendants range from 3% to 27%; the maximum rate for distant relatives and unrelated beneficiaries in all three regions is limited to 40%.

Movable property may be donated in various ways. If the donation is made via a Belgian notary public, gift tax is due and inheritance tax does not apply if the donor dies. For spouses, partners, and direct-line descendants, the gift tax rate is 3% in the Brussels and Flemish regions, and 3.3% in the Walloon region. Donations of movable property between other family members and unrelated parties are subject to tax at 7% in the Brussels and Flemish regions, and at 5.5% in the Walloon region. However, there is no general obligation to register donations of movable property; such donations also may be effected via a simple physical transfer or via a bank transfer. Donations that are not registered are exempt from inheritance tax if the donor survives for at least three years after the date of the donation (five years in the Walloon region). Where donations of movable property are registered voluntarily, gift tax is due and no inheritance tax is payable at a later date, even if the donor dies within the three-year period (five years in the Walloon region for donations made on or after 1 January 2022). If the donor dies within three years of the donation (five years in the Walloon region), inheritance tax is due at higher rates than the gift tax rate. In all three regions (i) gifts of family businesses are exempt from gift tax, provided that certain conditions are met, and (ii) reduced rates ranging from 5.5% to 7% apply to donations to private foundations (subject to conditions). The rates applicable to donations to charities are 6.6% in the Brussels region and 7% in the Walloon region. In the Flemish region, donations to charities are exempt from gift tax (subject to conditions).

Secret commissions tax

A “secret commissions” tax applies to payments by companies of certain remuneration, fees, commissions, rebates, and other benefits that (i) constitute professional income in the hands of the beneficiary, (ii) are not properly documented or reported on a timely basis, and (iii) have not been taxed in the hands of the beneficiary, unless a legal exception or administrative tolerance applies. The tax rate is 50% for payments to legal entities and 100% in all other cases.

The secret commissions tax also applies to “hidden gains,” i.e., turnover not reported as such. The tax rate is 100%.

The secret commissions tax does not apply where (i) it can be demonstrated that the amount subject to the reporting obligation is included in the tax return filed on a timely basis by the beneficiary in Belgium or a foreign jurisdiction, (ii) the beneficiary is unambiguously identified within a period of two years and six months, or (iii) the tax authorities have effectively taxed the Belgian beneficiary (with the beneficiary's consent) under the applicable statute of limitations.

Other taxes on banks

Banks are subject to a bank levy and a subscription tax on savings deposits.

Tax treaties: Belgium has concluded more than 90 tax treaties. The Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (BEPS MLI) entered into force for Belgium on 1 October 2019.

For information on Belgium's tax treaty network, visit Deloitte International Tax Source.

Tax authorities: FOD Financiën/SPF Finances (federal tax administration). The federal, regional, and local governments have their own tax authorities. In principle, the tax authorities are competent only for the taxation and collection of the taxes imposed at their own government level.

Contact us:

Tim Wustenberghs
Email: twustenberghs@deloitte.com

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (DTTL), its global network of member firms, and their related entities (collectively, the "Deloitte organization"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our people deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society, and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte's approximately 457,000 people worldwide make an impact that matters at www.deloitte.com.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms or their related entities (collectively, the "Deloitte organization") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

© 2024. For information, contact Deloitte Global.