

Belgium



Background

The general corporate tax rate is 33.99%.

Nature of incentives

R&D super deduction: As from 1 January 2014, a taxpayer may elect a 13.5% one-time deduction of all R&D investments recorded on the balance sheet (tangible and intangible) or 20.5% of the total depreciation amount for the same R&D investments (i.e., the taxpayer computes the depreciation amount and multiplies this amount by 20.5%). This deduction is granted in addition to the standard depreciation deduction for such expenses, resulting in a super deduction of 120.5% of the amount of depreciation for capital assets, etc. used during the research process. Excess deductions may be carried forward indefinitely or converted into a tax credit that may be refunded if not utilized after five years. The above rates are reviewed annually.

Patent income deduction (PID): The PID allows taxpayers to deduct 80% of their qualifying patent income from their taxable income (resulting in a 6.8% maximum effective tax rate).

Partial wage tax exemption: An 80% withholding exemption is granted to a company for wages paid to qualifying researchers working on R&D projects. Eligible employees must have a masters degree or above in the scientific area. This incentive allows a 20%-25% decrease of the salary cost for a researcher dedicated to working on qualifying R&D activities. The diploma requirements do not apply in certain circumstances (i.e., young innovation company or university research agreement), and there are exemptions for expatriates working in R&D.

Accelerated depreciation: Assets used in R&D may be depreciated over three years.

Additionally, a company may be granted temporary "innovation premiums" for its employees, thus eliminating tax and social security withholding requirements.

The regional government may offer cash grants for R&D-intensive entities, which can cover up to 80% of total project expenditure depending on the location of the project, the type of R&D activities and the type of funding instrument. Regional cash grants generally are not taxable. Specific wage tax exemptions apply to night or shift work independently of R&D activities.

Patent income deductions, super deductions and wage tax exemptions are just a few of the incentives offered in Belgium.

Eligible industries and qualifying costs

Eligibility is broad and is not limited to particular industries. To receive the deduction or claim the benefit, the taxpayer must certify that the R&D investments aim to develop products and services that are:

- Innovative in the Belgian market; and,
- Will not have a negative impact on the environment (or, if there is an environmental impact, the taxpayer has taken steps to mitigate that impact).

Qualifying costs include: salaries and wages, direct costs, subcontracting costs, overhead, and depreciation.

IP and jurisdictional restrictions

The R&D super deduction may be claimed for R&D work performed outside Belgium; but the claimant must retain some associated IP in Belgium to receive the tax benefit.

There is no IP ownership requirement for the partial wage tax exemption.

The PID is applicable to patents developed by the Belgian entity and to improvements to existing patents owned by other legal entities.

Other concerns

A taxpayer must file a claim an environmental certification from the regional authorities by 31 March and obtain a certificate from the region in which the qualified activity takes place.

As from January 2014, the partial wage tax exemption is applicable only to new projects that have been submitted for notification to the Belgium authorities.

Contact:

Patrick Brauns
pbrauns@deloitte.com
322 600 6662

Belgium

Nature of benefit available	Income tax benefit generally available	Specific pre-approval required from government	Refundable/ Carryforward
Super deduction (can be converted into a refundable credit), patent box, wage tax exemptions, accelerated depreciation	<ol style="list-style-type: none"> 1. A one-time deduction of 13.5% of all R&D investments or a current deduction of 20.5% of depreciation related to R&D assets. 2. Patent Income Deduction of 80% of qualifying patent income. 3. Partial Wage Tax Exemption allowing an 80% withholding for wages paid to researchers for R&D activities. 4. Elimination of tax and social security withholding requirements for certain companies granted temporary "innovation premiums." 5. Accelerated depreciation is used for assets used in R&D. 	<p>Taxpayer must file a claim for environmental certification through the regional authorities by 31 March and be awarded the certificate from the region in which the qualified activity occurs.</p> <p>The partial wage tax exemption is applicable only to new projects that have been submitted for notification to the Belgian authorities.</p>	Excess tax deductions may be carried forward indefinitely or converted into a tax credit that may be refundable if not utilized after five years.

R&D activities must occur in country	Cap/Limitations on benefits	IP must be retained in country	Industry eligibility restriction
No	No	Must retain some associated IP	No