



TAXES IN EUROPE

2024


32nd EDITION

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Belgium




 **Capital city:**
Bruxelles

 **Area:**
30,688 km²

 **Population:**
11,701,099

 **Languages:**
French/German/
Dutch


 **Political system:**
Federal
parliamentary
constitutional
monarchy

 **GDP/capita**
2023:
USD 65,478

 **Currency:**
Euro

 **ISO Code:**
BEL

 **Telephone code:**
+32

 **National day:**
21 July

1. Corporate taxation

1.1 Taxes on entities

Entities are taxed on their corporate profits. All transactions performed during the period must be put through the accounts. The exhaustive nature applies to accounting law. There is no income tax on capital or on assets.

1.2 Residence or non-residence

Resident companies as well as municipal savings banks referred to in Article 124 of the new municipal law and, as from 1.1.2007, pension funding bodies referred to in Article 8 of the Law of 27.10.2006 on the supervision of institutions for occupational retirement provision (Article 179, CIR 92) are subject to corporate income tax.

If one of the above conditions is not met, the company will be subject to the tax on legal persons (absence of profit-making purpose) or to the tax on non-residents (absence of principal place of business or seat of management or administration in Belgium) or its members will each be taxed on their share of the profits to the tax on natural persons or to the tax on non-residents (absence of legal personality).

In principle, social purpose companies are subject to corporate income tax.

1.3 Tax year and filing

The tax return of a company covers the same period as its financial year. The financial year of a company does not have to be the same as a calendar year. The legal deadline for filing is the last day of the month following the holding of the general shareholders' meeting which definitively approves the corporate accounts, but not more than 7 months after the end of the financial year.

The administration sends an assessment notice which must, where applicable, be paid within the time limit it sets (in general, two months).

Companies can pay quarterly instalments, which give entitlement to tax allowances. In cases where payments are not made in the course of the year, the authorities will apply a surcharge on which allowances are given for payments made on the following dates which are applicable to a company which has its financial year end on 31 December 2023:

For 10 April 2023	Allowance of 9.0%
For 10 July 2023	Allowance of 7.5%
For 10 October 2023	Allowance of 6%
For 20 December 2023	Allowance of 4.50%

On the amount of the tax, a global basic increase is applied at the rate of 6.75%, followed by bonuses on any payments according to the table above. If the bonuses exceed the overall increase, the positive difference is not credited to the company.

1.4 Types of income

The taxable base is firstly made up of the company's accounting profit, with certain adjustments and the separate treatment of certain profits. The accounting profit is converted into a taxable base after the following adjustments:

Accounting income + Non-allowable expenses (primarily taxes and other expenses which are deducted on a limited basis) + distributed dividends.

To deduce different headings:

- gifts;
- exemption for extra staff;
- already taxed Incomes (received dividends);
- deduction of the notional interest;
- former losses still deductible ;
- deduction or investments.

To obtain the taxable base.

Since 2012, a flat-rate tax of 40% on the total amount of benefits in kind of all types applicable to cars has existed. This tax is calculated even if there is a tax loss.

The expenses recognised are deemed professional and, in this respect, are deductible from the tax base. However, there are limits on the deductibility (either the total amount of expenses concerned or for a certain percentage):

- entertainment expenses;
- restaurant expenses;
- business gifts;
- vehicle expenses;
- interest on loans;
- company perks (meal vouchers, health insurances);
- reduction in value of shares or stakes.

Provisions and write-downs are deductible provided that they relate to certain and liquid expenses.

Some expenses can be deducted by more than 100%, such as costs for the collective transport of staff (120%) the use of non CO2 emitting vehicles (electric cars) or, subject to compliance with certain conditions, investments in the production of audio-visual works, as part of the Tax Shelter (150%).

Some income is exempt from taxation, such as certain aid (bonuses, subsidies) received from regional authorities in the framework of the legislation on economic expansion or in respect of the European regulations on State aid.

In principle, any capital gains made are liable for corporation tax (with the exception of capital gains on financial fixed assets), but a particular regime, described below, may be applied to them.

Deductions are possible for notional interest and certain investments (energy, security, patents). The rate of deduction for notional interests for the 2023 tax year (income for 2022) is 0.340% for small companies. And 0% for the large companies.

1.5 Group income and grouping arrangements

Since 2017, there are several obligations relating to group activities, depending on whether they reach the specified limits, particularly the turnover limit of EUR 750,000,000.

As part of the verification of transfer prices, taxpayers are required to submit to the authorities a file justifying the prices applied and the references of the different entities within the group. Not applicable.

1.6 Capital gains

Capital gains made on tangible capital assets can be rolled over. The condition to observe is that the sale price is reinvested within a period of 3 or 5 years in depreciable assets. The rolled over capital gains are then recognised as profits (and taxed) as and when the depreciations are applied to the reinvested assets.

1.7 Losses

Tax losses can be deducted from the taxable results of subsequent years without any time limits.

Since 1 January 2018 losses are deductible with a limit of EUR 1,000,000 plus 30% of profits exceeding EUR 1,000,000. This limitation on the deduction of losses does not apply to companies formed less than 5 years.

Previous tax losses are no longer deductible in the event of an acquisition or change of control of a company that is not tax losses are no longer deductible in the event of an acquisition or change of control of a company that does not legitimate financial or economic needs.

1.8 Exemptions

The financial income (dividends and assimilated) from related companies (holding of 10% or at least EUR 2,500,000) are excluded from the taxable base, for 100% of their amount, when these interests have been held for at least a year.

1.9 Rates

Depending on the wishes of the government, the taxation rate will be reduced over the years. It has changed from 33.99% to 28% in 2017, 24.98% in 2018 and finally 20.40% in 2019.

Small companies who already benefit from the reduced rate of corporation tax of 24.98% will be granted a preferential rate of 20% from 2018 for taxable profit up to EUR 100,000 and 25% above that amount. For companies (other than SMEs), the rate is 25%.

1.10 Double tax relief

Belgium has signed double tax treaties with most countries.

2. Personal income taxation

2.1 Taxes on income

Individuals are taxed on their overall income, regardless of where it is earned. However, there are rules intended to limit double taxation: tax reductions for some income earned abroad or treaties concluded between States in order to avoid this double taxation. There is no tax on wealth or assets, but it must be emphasized that the taxation of personal income is one of the highest in the world.

2.2 Residence and non-residence

Resident of Belgium are subject to tax on their worldwide income. Non-residents are taxable on income from certain sources in Belgium.

2.3 Tax year and filing

The tax return for individuals covers the income for the previous calendar year. In principle, this declaration is filed by the end of June at the latest.

The administration sends an assessment notice which must be paid within the time limit it sets (in general, two months). This period was exceptionally extended to 4 months in 2023.

The remuneration of employed individuals is subject to the withholding of professional tax, according to scales defined by the law. Any taxpayer can also make advance payments, which give entitlement to tax bonuses.

2.4 Types of income

Income is divided into different categories:

- **Real estate incomes**

Real estate income is generally determined on a flat-rate basis from the cadastral income (fixed by the administration) of the property concerned. However, real estate leased to third parties who use it for professional purposes is taxed on the basis of the net rent collected.

- **Investment income (dividends, interest, royalties, annuities, copyrights)**

They are subject to a final withholding tax of 30%. There are exemptions (first tranche of EUR 1,990 of interest on savings accounts, first tranche of EUR 64,070 for copyrights for example) and exceptions (rate of 15% or 20%).

- **Professional income**

This income is itself divided into 5 sub-categories:

- profits (from commercial, industrial or agricultural operations);
- profits (from self-employed activities);
- income from a previous professional activity;
- wages and pensions;
- annuities and allowances in lieu.

Professional expenses and previous losses are deductible from this income.

In the case of remuneration, in the absence of declarations of professional expenses, the income tax code provides for a flat-rate calculation of these expenses. (30% with a maximum of EUR 5,040 for employees and self-employed, 3% with a maximum of EUR 2,660 for company directors).

From the total amount of income, certain deductions are made to determine the taxable amount: maintenance allowances paid, contributions paid within the framework of pension savings, housing bonus, etc.

- **Other incomes**

This income is made up of other income not included in the 3 previous categories.

2.5 Capital gains

Capital gains made on disposals of private assets are not taxable, apart from exceptions such as those on land and buildings acquired less than 5 years ago. The rate will be 16.5%.

Capital gains made on sales of property assigned to the professional activity are considered as miscellaneous income and taxed.

2.6 Exemptions

Certain exemptions apply, in particular to savings account interest (up to EUR 1,020), dividends (up to EUR 833), reimbursement of travel expenses (up to EUR 490), the general ceiling on flat-rate expenses for employees to €5,750, etc.

2.7 Allowances and rates

The nominal tax rate is progressive:

- 25% on the first tranche of EUR 15,820;
- 40% on the second tranche of EUR 27,920;
- 45% on the third tranche of EUR 48,320;
- 50% on the fourth tranche, from EUR 48,320.

Tax reductions are granted on the basis of any disability the taxpayer may have, his family situation, or certain expenditure (local employment agencies, energy saving, renovations in certain urban areas, acquisition of bonds issued by specific funds, purchase of an electric vehicle, child care, etc.). Everyone subject to tax is entitled to a tax-free amount of EUR 10,570.

Specific tax rates are applied to certain income, such as:

- 33% on speculation income, on capital gains made on buildings not built in Belgium within 5 years of their acquisition, on the redemption values of life insurance contracts which have not been liquidated in the “proper” tax conditions;
- 30% on the liquidation surpluses;
- 16.5% on certain capital gains on cessation of activities;
- 15% on the income resulting from the assignment or licence of copyrights;

2.8 Social security

Workers have a personal contribution of 13,07% withheld from the paid by their employers, intended for the social security (ONSS).

Employers also pay employer contributions to this body (ONSS), the average rate of which can be estimated at approximately 33%.

Employers are also required to take out insurance against accidents in the workplace or on the way to work.

Self-employed workers pay contributions to another agency (INASTI) calculated on the basis of their professional income. For many years, the basis of calculation was the income from the 3rd previous year.

Contributions are now calculated on the basis of the current year's income (20.50% on the bracket up to EUR 60,638.46 and 14.16% on the bracket from EUR 60,638.46 to EUR 89,361.89). Beyond this limit, the maximum quarterly contribution due is EUR 4,291.57 (plus 3% to 4.05% administration costs).

2.9 Options

Stock-options are considered as elements of remuneration (benefits of any kind) and are taxed directly in the hands of the beneficiary when they are accepted by the latter. Unless the options are quoted or traded, the taxable value is fixed on a flat-rate basis (18 to 23% of the value of the underlying share); if the option is granted for a period of more than 5 years, the taxable benefit is increased by 1% per year (or portion of a year) beyond the 5th year.

The above percentages are reduced by half for options granted with a view to promoting profit sharing in the company for which the professional activity is carried out.

2.10 Partnerships

De facto associations are not regarded as taxpayers in themselves, but as transparent entities. They are therefore taxed directly in the hands of their members, in proportion to their interest in the association.

3. Inheritance and gift tax

3.1 Residents and non-residents

Inheritance tax is payable on the value of movable and property assets received from a resident of Belgium (both in Belgium and abroad), after deduction of the debts at the time of death and of the funeral costs. Tax may be levied on a non-resident with respect to Belgium property. Gifts are taxable only when induced by a notarial deed.

3.2 Rates

The Regions are now responsible for inheritance tax, which varies according to the degree of kinship and the amount of the assets concerned.

4. Wealth tax

There is no wealth tax in Belgium. However, there are indirect taxes on wealth such as the tax on stock market transactions or the new tax on securities accounts currently under discussion.

5. Value Added Tax

5.1 Rates

The general VAT rate applicable in Belgium is 21%. It is reduced to 6% for food and pharmaceutical products, works of art, agricultural services, real estate services of a social nature and certain works to rehabilitate housing. It is reduced to 12% for some products and services.

5.2 Declaration and payment

In general, VAT returns are made monthly, and must be paid by the 20th of each month.

Depending on the turnover, it is possible:

- either to file quarterly returns. In this case, advance payments (corresponding to 1/3 of the VAT due for the previous quarter) must be paid each month;
- or to opt for the flat-rate scheme (to be agreed with the administration).

For December or last quarter transactions, taxable persons no longer have to make an advance payment on transactions from 1 to 20 December (this obligation was valid for monthly taxable persons or on transactions of the 4th quarter).

6. Other taxes

Belgium is a real champion when it comes to taxation, whether direct or indirect. To give a few examples, we can mention the supplementary municipal taxes, integrated in the assessment notice sent to taxpayers liable for personal income tax mentioned previously.

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