TAX SURVEY

2018

GENERAL ADMINISTRATION
STRATEGIC EXPERTISE AND SUPPORT
RESEARCH DEPARTMENT
PREFACE TO THE JANUARY 2018 ISSUE

By publishing the "Tax Survey", the Research Department of the Federal Public Service Finance, General Administration Strategic Expertise and Support, aims at providing a regularly updated overview of the tax legislation in Belgium. The subject being particularly intricate, this brochure cannot of course cover every specific regulation: only essential details or the most frequently occurring cases will be described here.

The first part of the Tax Survey deals with direct taxation: personal income tax, corporate income tax and legal entities income tax. The non-resident income tax is not dealt with: it is a very specific domain one can only give a good perception of if the international agreements applicable to the bilateral situations are also dealt with. The last chapters deal with withholding taxes and advance payments. This first part also deals with special corporate income tax systems (advance ruling procedures, investment companies, etc.).

The second part of the Tax Survey deals with indirect taxation: VAT, registration duties, estate duties, miscellaneous duties and taxes, excise duties, etc.

This Tax Survey only describes the taxes which are or were the responsibility of the Federal Public Service Finance. A certain number of those taxes are now the responsibility of the Regions. As a result, the information relating to the last-mentioned taxes is purely indicative.

Generally speaking, the Tax Survey does not deal with procedures (returns, inspection, disputes).

Unless stated otherwise, the legislation described is the one which applies:

- to 2017 income (tax year 2018) in the matter of direct taxation, with the exception of withholding taxes (part I, chapters 1 to 4);
- on 1 January 2018 as far as indirect taxation (part II) and withholding taxes (part I, chapters 5 to 7) are concerned.

The authors of this publication are S. HAULOTTE and Ch. VALENDUC (Part I) and E. DELODDERE (Part II). They would like to thank their colleagues from the General Administration Strategic Expertise and Support and from the Federal and Regional Tax Administrations for the preliminary work, the observations and the translations made during the drawing-up of this Tax Survey.

Although the authors have taken particular care to ensure the reliability of the information given in this publication, the latter must not be considered as an administrative circular. The Tax Survey was written for purely documentary purposes at a general and global level. No rights can be founded on it. The Research Department is not authorised to answer queries with regard to the application of tax legislation to individual cases. The circulars this Tax Survey refers to are available in the fiscal and legal database Fisconetplus on the homepage of the website of the Federal Public Service Finance.

The Tax Survey is also available in Dutch, in French and in German.

It can also be referred to on the website of the FPS Finance at http://finance.belgium.be/en/figures_and_analysis/analysis/tax_survey/, where it can be downloaded as a pdf-file.

October 2018

S. HAULOTTE                 Ch. VALENDUC              E. DELODDERE
(Editors)
TABLE OF CONTENTS

PREFACE 1

PART I: DIRECT TAXATION

CHAPTER ONE PERSONAL INCOME TAX (PIT) 19
1.1. Chargeable persons; location of tax liability 25
1.2. Determination of the net income 25
1.3. Expenses entitling to a tax relief 48
1.4. Computation of the tax 70

CHAPTER TWO CORPORATE INCOME TAX (CIT) 93
2.1. Taxable period 93
2.2. Liability to corporate income tax 93
2.3. Tax base 94
2.4. Computation of the tax 116

ANNEX ONE TO CHAPTER TWO EMPLOYEE EQUITY PARTICIPATION AND EMPLOYEE PARTICIPATION IN PROFITS AND ENTERPRISE RESULTS 125

ANNEX TWO TO CHAPTER TWO SPECIAL CORPORATE INCOME TAX SYSTEMS 127

CHAPTER THREE PROVISIONS COMMON TO PIT AND CIT 133
3.1. Tax rules for depreciation 133
3.2. Expenses categories entitling to an increased deduction 134
3.3. Investment incentives: investment deduction 135
3.4. Employment incentives 138
3.5. Fiscal treatment of regional aid 139
3.6. Tax arrangements for capital gains 140
3.7. Other: enterprise crèches 143

CHAPTER FOUR LEGAL ENTITIES INCOME TAX (LEIT) 145
4.1. Who is liable to legal entities income tax? 145
4.2. Taxable base and levy of the tax 145

CHAPTER FIVE WITHHOLDING TAX ON REAL ESTATE 147
5.1. Withholding tax on real estate in the Flemish Region 148
5.2. Withholding tax on real estate in the Walloon Region 153
5.3. Withholding tax on real estate in the Brussels-Capital Region 157

CHAPTER SIX WITHHOLDING TAX ON INCOME FROM MOVABLE PROPERTY 159
6.1. Dividends 159
6.2. Interest 162
6.3. Other movable income 165

CHAPTER SEVEN WITHHOLDING TAX ON EARNED INCOME AND ADVANCE PAYMENTS (AP) 167
7.1. Computation of the withholding tax on earned income () 167
7.2. Exemptions of payment 175
7.3. Advance payments (AP) 180
# PART II: INDIRECT TAXATION

## CHAPTER ONE VALUE ADDED TAX (VAT)

1.1. **Definition**

1.2. **Persons liable to VAT**

1.3. **Taxable transactions**

1.4. **Exemptions**

1.5. **The tax base**

1.6. **The VAT rates**

1.7. **The deduction of VAT (or deduction of the input tax)**

1.8. **Submission of returns and payment of the tax**

1.9. **Special systems**

## CHAPTER TWO REGISTRATION DUTIES, MORTGAGE DUTIES, COURT FEES AND THE REGISTRATION TAX

2.1. **Registration duties and the registration tax**

2.2. **Mortgage duty**

2.3. **Court fees**

## CHAPTER THREE ESTATE DUTIES AND THE INHERITANCE TAX

3.1. **Estate duties and the inheritance tax**

3.2. **The annual compensatory tax for estate duties**

3.3. **The annual tax on undertakings for collective investment and insurance companies**

## CHAPTER FOUR MISCELLANEOUS DUTIES AND TAXES

4.1. **Duties on written documents**

4.2. **Tax on stock-exchange and carry-forward transactions**

4.3. **Annual tax on insurance transactions**

4.4. **Annual tax on profit-sharing schemes**

4.5. **Tax on long-term savings**

4.6. **Bill-posting tax**

4.7. **Annual tax on credit institutions**

4.8. **Tax on securities accounts**

## CHAPTER FIVE CUSTOMS PROCEDURES UPON IMPORTATION, EXPORTATION AND transit

5.1. **Import duties**

5.2. **Customs procedures and AEO**

## CHAPTER SIX EXCISE DUTIES

6.1. **Definition**

6.2. **Classification of excise duties**

6.3. **Tax base**

6.4. **General arrangements for excise duty**

6.5. **Excise duty system for non-alcoholic beverage and coffee**

6.6. **Checks**

6.7. **Rates**

## ANNEX TO CHAPTER SIX

The Tax Survey should not be considered as an administrative circular, no rights can be founded on it.

January 2018 issue.
<table>
<thead>
<tr>
<th>CHAPTER SEVEN THE PACKAGING CHARGE</th>
<th>283</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.1. Generalities</td>
<td>283</td>
</tr>
<tr>
<td>7.2. Tax amounts</td>
<td>283</td>
</tr>
<tr>
<td>CHAPTER EIGHT TAXES ASSIMILATED TO INCOME TAXES</td>
<td>285</td>
</tr>
<tr>
<td>8.1. Circulation tax (CT)</td>
<td>285</td>
</tr>
<tr>
<td>8.2. The tax on the entry into service (TES)</td>
<td>304</td>
</tr>
<tr>
<td>8.3. The kilometre tax</td>
<td>316</td>
</tr>
<tr>
<td>8.4. Betting and gambling tax (BGT)</td>
<td>319</td>
</tr>
<tr>
<td>8.5. Automatic gaming machine licence duty</td>
<td>322</td>
</tr>
<tr>
<td>8.6. Tax on employee equity participation and on the profit premium plan for employees</td>
<td>322</td>
</tr>
<tr>
<td>ACRONYM</td>
<td>FULL NAME</td>
</tr>
<tr>
<td>------------------</td>
<td>--------------------------------------------------------</td>
</tr>
<tr>
<td>ACT</td>
<td>Additional circulation tax</td>
</tr>
<tr>
<td>AEO</td>
<td>Authorised Economic Operator</td>
</tr>
<tr>
<td>AGFisc/AAFisc</td>
<td>General tax administration</td>
</tr>
<tr>
<td>AGM</td>
<td>Automatic gaming machines</td>
</tr>
<tr>
<td>AP</td>
<td>Advance payments</td>
</tr>
<tr>
<td>APETRA</td>
<td>Agence de Pétrole – Petroleumagentschap</td>
</tr>
<tr>
<td>ARS</td>
<td>Advance ruling service</td>
</tr>
<tr>
<td>ATA (ATA carnet)</td>
<td>Admission temporaire – Temporary Admission</td>
</tr>
<tr>
<td>ATI</td>
<td>Aggregated taxable income</td>
</tr>
<tr>
<td>BGT</td>
<td>Betting and gambling tax</td>
</tr>
<tr>
<td>BIK</td>
<td>Benefit in kind</td>
</tr>
<tr>
<td>BLEU</td>
<td>Belgo-Luxembourg Economic Union</td>
</tr>
<tr>
<td>BOJ</td>
<td>Belgian Official Journal</td>
</tr>
<tr>
<td>CBA</td>
<td>Collective bargaining agreement</td>
</tr>
<tr>
<td>CI</td>
<td>Cadastral income</td>
</tr>
<tr>
<td>CIT</td>
<td>Corporate income tax</td>
</tr>
<tr>
<td>CJEC</td>
<td>Court of Justice of the European Communities</td>
</tr>
<tr>
<td>CMDT</td>
<td>Code of miscellaneous duties and taxes</td>
</tr>
<tr>
<td>CN Code</td>
<td>Code of the Combined Nomenclature</td>
</tr>
<tr>
<td>CREG</td>
<td>Electricity and Gas Regulatory Commission</td>
</tr>
<tr>
<td>CS</td>
<td>Crisis surcharge</td>
</tr>
<tr>
<td>CSP</td>
<td>Customs Security Programme</td>
</tr>
<tr>
<td>CT</td>
<td>Circulation tax</td>
</tr>
<tr>
<td>CTA</td>
<td>Code of taxes assimilated to income taxes</td>
</tr>
<tr>
<td>C-TPAT</td>
<td>Customs Trade partnership against terrorism</td>
</tr>
<tr>
<td>DE</td>
<td>Disallowed expenses</td>
</tr>
<tr>
<td>DIV</td>
<td>Vehicle registration service</td>
</tr>
<tr>
<td>DTA</td>
<td>Double taxation agreement</td>
</tr>
<tr>
<td>EAD</td>
<td>Export Accompanying Document</td>
</tr>
<tr>
<td>EC</td>
<td>European Community</td>
</tr>
<tr>
<td>ECB</td>
<td>European Central Bank</td>
</tr>
<tr>
<td>ECS</td>
<td>Export Control System</td>
</tr>
<tr>
<td>EEA</td>
<td>European Economic Area</td>
</tr>
</tbody>
</table>

The Tax Survey should not be considered as an administrative circular, no rights can be founded on it. January 2018 issue.
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>EEC</td>
<td>European Economic Community</td>
</tr>
<tr>
<td>EEV</td>
<td>Enhanced Environmentally friendly Vehicle</td>
</tr>
<tr>
<td>EFTA</td>
<td>European Free Trade Association</td>
</tr>
<tr>
<td>EORI</td>
<td>Economic Operator's Registration and Identification</td>
</tr>
<tr>
<td>ESA</td>
<td>European system of national and regional accounts</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FFTC</td>
<td>Fixed foreign tax credit</td>
</tr>
<tr>
<td>FIIS/GVBF</td>
<td>Fonds d’investissement immobilier spécialisé/gespecialiseerd vastgoedbeleggingsfonds (special purpose real estate investment fund)</td>
</tr>
<tr>
<td>FPS</td>
<td>Federal Public Service</td>
</tr>
<tr>
<td>FRS - FNRS</td>
<td>Fonds de la Recherche Scientifique - FNRS</td>
</tr>
<tr>
<td>FWO-Vlaanderen</td>
<td>Fonds voor Wetenschappelijk Onderzoek-Vlaanderen</td>
</tr>
<tr>
<td>GATT</td>
<td>General Agreement on Tariffs and Trade</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross domestic product</td>
</tr>
<tr>
<td>GVWR</td>
<td>Gross vehicle weight rating</td>
</tr>
<tr>
<td>HP</td>
<td>Horsepower</td>
</tr>
<tr>
<td>LEA</td>
<td>Local employment agency</td>
</tr>
<tr>
<td>LEIT</td>
<td>Legal entities income tax</td>
</tr>
<tr>
<td>LPG</td>
<td>Liquefied petroleum gas</td>
</tr>
<tr>
<td>MAM</td>
<td>Maximum allowable mass</td>
</tr>
<tr>
<td>MCME</td>
<td>Measures on Classified Management of Enterprises</td>
</tr>
<tr>
<td>MRN</td>
<td>Movement reference number</td>
</tr>
<tr>
<td>NBN</td>
<td>Bureau de Normalisation – Bureau voor Normalisatie</td>
</tr>
<tr>
<td>NCC</td>
<td>National Cooperation Council</td>
</tr>
<tr>
<td>NCTS</td>
<td>New Computerised Transit System</td>
</tr>
<tr>
<td>NPO</td>
<td>Non-profit organisation</td>
</tr>
<tr>
<td>OECE</td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>OFP</td>
<td>Organisations for Financing Pensions</td>
</tr>
<tr>
<td>OLO</td>
<td>Obligation linéaire – lineaire obligatie</td>
</tr>
<tr>
<td>ONE</td>
<td>Office de la Naissance et de l'Enfance</td>
</tr>
<tr>
<td>PIT</td>
<td>Personal income tax</td>
</tr>
<tr>
<td>PLC</td>
<td>Public limited company</td>
</tr>
<tr>
<td>PLDA</td>
<td>Paperless Customs and Excise Duties</td>
</tr>
</tbody>
</table>
PPS  Public Planning Service
PRICAF/PRIVAK  Private closed-end equity funds investing in unquoted companies and growth stocks
R&D  Research and Development
RD  Royal Decree
RPAS  Remotely Piloted Aircraft Systems
RREC  Regulated real estate companies
SIC/VBS  Debt investment companies
SICAF/BEVAKS  Closed-ended investment companies
SICAFI/vastgoedbevaks  Closed-ended investment companies investing in real estate
SICAV/BEVEKS  Open-ended investment companies
SII  Sickness and invalidity insurance
SOFICO  Société de Financement Complémentaire des infrastructures (Walloon company for additional infrastructure funding)
SME  Small and medium-sized enterprise
SNCB/NMBS  Belgian National Railway Company
SRWT  Société régionale wallonne du Transport (Walloon public transport company)
STI  Separately taxable income
STIB/MIVB  Brussels public transport company
TES  Tax on the entry into service
TIR (TIR carnet)  Transports internationaux routiers
UCC  Union Customs Code
UCI  Undertaking for collective investment
VAT  Value added tax

The Tax Survey should not be considered as an administrative circular, no rights can be founded on it. January 2018 issue.
PART I
DIRECT TAXATION
### Personal Income Tax (PIT)

<table>
<thead>
<tr>
<th>Legal base</th>
<th>Law of 10.08.2001 (BOJ 20.09.2001) with reform of personal income tax. Law of 08.05.2014 modifying the Income Tax Code 1992 as a consequence of the introduction of the regional additional tax on PIT (BOJ 28.05.2014)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who sets</td>
<td>Federal authority and regional authority (determination of the regional surcharges)</td>
</tr>
<tr>
<td>the tax rate</td>
<td>Federal authority</td>
</tr>
<tr>
<td>the tax base</td>
<td>Federal authority</td>
</tr>
<tr>
<td>Reliefs / tax credits</td>
<td>Federal authority and regional authority (for matters under their material competences)</td>
</tr>
<tr>
<td>Beneficiary</td>
<td>Federal authority</td>
</tr>
<tr>
<td>Federal authority</td>
<td>Regional authority</td>
</tr>
<tr>
<td>Local authority (*)</td>
<td>Social security</td>
</tr>
<tr>
<td>Others (**)</td>
<td>Securitisation since 2005-2006 (for withholding tax on earned income, assessment rolls and fines and miscellaneous)</td>
</tr>
<tr>
<td>(*) Municipal surtaxes are calculated at rates specific to each municipality.</td>
<td>Federal authority and regional authority (for matters under their material competences)</td>
</tr>
<tr>
<td>(**) Since 2009, part of the withholding tax on earned income has gone to the alternative financing of social security.</td>
<td>Federal authority and regional authority (for matters under their material competences)</td>
</tr>
<tr>
<td>Tax collector</td>
<td>Federal Public Service Finance</td>
</tr>
</tbody>
</table>
The Tax Survey should not be considered as an administrative circular, no rights can be founded on it.

**January 2018 issue.**

**Part I: Direct taxation**

<table>
<thead>
<tr>
<th>Tax revenue</th>
<th>2016 tax revenue in millions of euro</th>
<th>Tax revenue as % of GDP</th>
<th>Tax revenue as % of total tax revenue (*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Withholding tax on income from movable property</td>
<td>4,098.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Withholding tax on earned income</td>
<td>45,256.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advance payments</td>
<td>1,517.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PIT assessment roll</td>
<td>-991.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special social security contribution</td>
<td>1,198.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>42.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL PIT</strong></td>
<td><strong>51,123.0</strong></td>
<td><strong>12.1%</strong></td>
<td><strong>39.6%</strong></td>
</tr>
</tbody>
</table>

(*) Total tax revenue (according to ESA2010 concept) paid to Belgian authorities.

Source (also for tables below): calculations based on data from the National Accounts Institute, National Bank of Belgium.
<table>
<thead>
<tr>
<th>Corporate Income Tax (CIT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who sets</td>
</tr>
<tr>
<td>Federal authority</td>
</tr>
<tr>
<td>Beneficiary</td>
</tr>
<tr>
<td>(*) Amount allocated to the 'Electricity and Gas Regulatory Commission' (CREG – “Commission de Régulation de l’Electricité et du Gaz”) since 2009</td>
</tr>
<tr>
<td>Tax collector</td>
</tr>
<tr>
<td>Tax revenue</td>
</tr>
<tr>
<td>Withholding tax on movable property</td>
</tr>
<tr>
<td>Advance payments</td>
</tr>
<tr>
<td>CIT assessment roll</td>
</tr>
<tr>
<td>Non-resident CIT (on assessment)</td>
</tr>
<tr>
<td>Others</td>
</tr>
<tr>
<td>TOTAL CIT</td>
</tr>
</tbody>
</table>
The Tax Survey should not be considered as an administrative circular, no rights can be founded on it.

January 2018 issue.

Part I: Direct taxation

Withholding tax on real estate

<table>
<thead>
<tr>
<th>Legal base</th>
<th>Income Tax Code 1992, article 7 to 16, 251-260ter and 471-504 for the provisions concerning the withholding tax on real estate in the Walloon Region and in the Brussels-Capital Region. The provisions concerning the withholding tax on real estate in the Flemish Region are specified in the “Vlaamse Codex Fiscaliteit” (Flemish Tax Code)</th>
</tr>
</thead>
</table>
- Order 08.12.2005 (BOJ 02.01.2006) for the Brussels-Capital Region. |

<table>
<thead>
<tr>
<th>Who sets</th>
<th>the tax rate</th>
<th>the tax base</th>
<th>reliefs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional authority</td>
<td>Regional authority</td>
<td>Regional authority</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Beneficiary</th>
<th>Regional and local authorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comments:</td>
<td>The local surtax is a multiple of the revenue perceived by regional authorities. Both provinces and municipalities receive surtaxes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tax collector</th>
<th>The withholding tax on real estate is not levied in the same way in the different Regions.</th>
</tr>
</thead>
</table>
| Since 1999, the withholding tax on real estate has been levied by the Flemish Region itself.  
Since 2018, the withholding tax on real estate has been levied by the Brussels-Capital Region itself (Brussels Taxation).  
As far as the Walloon Region and the Brussels-Capital Region are concerned, the tax is still levied by the Federal State. |

<table>
<thead>
<tr>
<th>Tax revenue</th>
<th>2016 tax revenue in millions of euro</th>
<th>Tax revenue as % of GDP</th>
<th>Tax revenue as % of total tax revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5,250.0</td>
<td>1.2%</td>
<td>4.1%</td>
</tr>
<tr>
<td>------------</td>
<td>------------------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Who sets</td>
<td>the tax rate</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Federal authority</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>the tax base</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Federal authority</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>reliefs</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Federal authority</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beneficiary</td>
<td>Federal authority and social security</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Securitisation since 2006</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax collector</td>
<td>Federal Public Service Finance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax revenue</td>
<td>2016 tax revenue in millions of euro</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tax revenue as % of GDP</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tax revenue as % of total tax revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4,298.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.3%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Withholding tax on earned income and advance payments

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Who sets</td>
<td>the tax rate</td>
</tr>
<tr>
<td>Federal authority</td>
<td>Federal authority</td>
</tr>
<tr>
<td>Beneficiary</td>
<td>See Personal Income Tax for further details</td>
</tr>
<tr>
<td>Tax collector</td>
<td>Federal Public Service Finance</td>
</tr>
<tr>
<td>Tax revenue</td>
<td>2016 tax revenue in millions of euro</td>
</tr>
<tr>
<td>Withholding tax on earned income</td>
<td>45,256.8</td>
</tr>
<tr>
<td>Advance payments (made by individuals or companies)</td>
<td>10,111.1</td>
</tr>
</tbody>
</table>
CHAPTER ONE
PERSONAL INCOME TAX (PIT)

What is new?

Net income determination:
- Use of the bicycle for commuting to the work place. Extension to bicycles powered by an electric motor and to speed pedelecs.
- The speculation tax has been repealed for capital gains realised as from 1 January 2017.

As regards exemptions:
- Extension to 1 January 2019 of the tax system applicable to innovation premiums.
- New exemption, in the form of a tax credit, for remunerations paid or allocated as from 1 January 2017 by international courts.

Tax calculation:
- Orphan’s resources: survivor’s pensions granted to orphans in the public sector and orphan’s pensions allocated to children are no longer taken into consideration for the calculation of the net resources ceiling.

Expenses entitling to a tax advantage:
- The indexation suspension for some tax expenditures still applies (non-indexation of some tax advantages) (1). As from tax year 2019, the amounts concerned will again be indexed.
- Apportionment of some tax advantages when the taxable period of the taxpayer does not correspond to a full calendar year for a reason other than death. Apportionment will be applicable to natural persons who transfer their tax residence during the calendar year from Belgium to another country or vice versa.
- Two support measures in favour of low-income single parents: under certain conditions, they are entitled to an increased tax credit for child care expenses and to an increased additional exempted amount.
- The tax credit for overtime pay is no longer granted when a tax credit for foreign income applies to the related remunerations.

---

1 As a reminder: it concerns the exemption for savings deposits, dividends of recognised cooperative companies, interest or dividends of companies with a social purpose, the (standard and additional) tax credit for replacement income, the tax credits for long-term savings, pension savings, employer’s shares, the carry-forward of the tax credit for energy-saving expenses, the transitional system regarding passive or low-energy houses, electric vehicles, development funds, gifts and remunerations of domestic workers.
Regional measures as regards real estate taxation:

- Brussels-Capital Region: abolishment of the housing bonus system, under the implementation of the second arm of the Brussels tax reform, subject to the application of a transitional system for mortgage loans contracted as from 1 January 2017.

Other regional measures:

- Brussels-Capital Region: implementation of the second arm of the Brussels tax reform, with notably the abolishment of the income ceiling to be entitled to the refundable tax credit for service vouchers, in addition to the above-mentioned abolishment of the housing bonus system.
### PIT basic principles after the Sixth State Reform

The reforms relating to the Special Finance Act have been applied since 1 July 2014. As a result, the new regional tax competences as regards PIT have come into force as from tax year 2015.

Under the Sixth State Reform, a series of tax credits have been transferred to the Regions and fall now within their exclusive competence. It concerns tax incentives relating to the own dwelling, service vouchers and LEA-vouchers, renovation in zones of ‘positive metropolitan policy’, renovation of low-rent dwellings, works for making dwellings secure against burglary and fire, classified monuments, energy-saving expenses (with the exception of interest paid on green loans, old carried-forward tax credits and the transitional system regarding low-energy houses).

Compliance of the Income Tax Code with the tax provisions of the “new Special Finance Act” (2). Notably: abolition of the lump sum deduction for dwellings, abolition of the creditable withholding tax on real estate, change in the provisions concerning tax determination and collection, notably as regards refundable items.

Under the Sixth State Reform, the Regions have been given increased tax autonomy and they can now levy a regional PIT by means of a **regional additional tax on PIT**. The tax component of the Sixth State Reform came into force on 1 July 2014 and has applied as from tax year 2015. As a result, since 1 July 2014, the Regions can fix their own rules for the regional additional tax.

The Special Act of 6 January 2014 reforming the financing of Communities and Regions, increasing tax autonomy for the Regions and financing the new competences modified the Special Finance Act of 16 January 1989. However, for the concrete application of the Sixth State Reform as regards PIT, it must be referred to the Act of 8 May 2014 modifying the Income Tax Code 1992 as a consequence of the introduction of the regional additional tax on PIT (3).

Considering the scope of the changes, the Tax Survey aims at reminding the most important and significant among them.

### Exclusive competence of the federal authority

The federal authority remains exclusively competent for:
- determining the taxable base. As a consequence, the federal authority remains exclusively competent for the deductions applied to gross income (deduction of professional expenses, investment deduction, etc.). The Regions may grant no advantages in the form of a deduction from the taxable base;
- the tax on interest, dividends, royalties, prizes attached to debenture bonds, capital gains on securities;
- the withholding tax on income from movable property;
- the withholding tax on earned income;
- tax servicing.

### Extended surcharge model

Since tax year 2015, PIT consists of two major components: federal PIT and regional PIT.

The base for determining surcharges is the PIT part corresponding to the **reduced State tax**.

The reduced State tax corresponds to the State tax after deduction of an amount equal to the State tax multiplied by the autonomy factor. For tax years 2015 to 2017, the provisional autonomy factor had been fixed at 25.990%. As from tax year 2018, the definitive autonomy factor has been applied and has been fixed at 24.957%.

---

2 “New Special Finance Act” means the Special Finance Act of 16 January 1989, as modified by the Special Act of 6 January 2014 reforming the financing of Communities and Regions, increasing tax autonomy for the Regions and financing the new competences.

3 Act modifying the Income Tax Code 1992 as a consequence of the introduction of the regional additional tax on PIT referred to in Title III/1 of the Special Act of 16 January 1989 concerning the financing of Communities and Regions, modifying the rules as regards non-resident income tax and modifying the Act of 6 January 2014 concerning the Sixth State Reform as regards matters referred to in Article 78 of the Constitution.
The surcharge rate amounted to 35.117% for tax years 2015 to 2017, unless a Region has determined another surcharge rate. The surcharge rates may be differentiated per tax bracket. However, surcharges may not be differentiated per tax bracket for separately taxable income (STI): they must be single (irrespective of the federal rate applied to STI) uniform (irrespective of the tax bracket) surcharges.

As from tax year 2018, the surcharge rate amounts to 33.257%, unless a Region has determined another surcharge rate. As from tax year 2018, the formula for the calculation of the PIT regional surcharge has been modified by the Brussels-Capital Region, which results in a rate of 32.591% (cf. infra, p. 83 State tax, reduced State tax and regional surcharge).

**Progressivity principle**

When exercising their competences, the Regions must respect the progressivity principle. However, if surcharges are differentiated per tax bracket, the surcharge rate can derogate from the tax progressivity, provided two conditions are met:

- the surcharge rate applied to a tax bracket may not be lower than 90% of the highest surcharge rate in the lower tax brackets;
- the derogation from the progressivity principle may not entitle to a tax advantage higher than 1,030 euro per year.

**Overflow (or transfer) mechanism**

The balance of regional tax reductions and credits, which cannot be set off against regional surcharges increased by regional tax increases, can be set off against the balance of the federal PIT (after offsetting federal tax credits). The balance is set off against the federal PIT relating to aggregated and separately taxed income. The overflow mechanism also applies in the opposite direction: the federal tax credits which cannot be set off because of a lacking federal offsetting base, can be set off against the possible balance of the regional PIT relating to aggregated taxed income (in this case, there is no offsetting against the regional PIT relating to separately taxed income).

**Standstill rule**

The provisions existing on 30 June 2014 as regards tax credits and refundable tax credits which have been granted as regional tax credits or regional refundable tax credits as from tax year 2015, remain applicable until the Regions establish their own rules.
In this chapter the main features of the personal income tax are explained in **four steps**.

- **Step one** deals with the **chargeable persons**: it explains who is chargeable and where one is chargeable. Location of the taxpayer is important, as it determines the Region competent for the regional additional tax on PIT and the municipality of taxation for the rate of the municipal surcharges applicable.

- **Step two** deals with the establishment of the **net income**, i.e. the income minus expenses and losses. The different categories of income are gone through, as well as the gross taxable components thereof, the deductible expenses and the exempted components. The federal authority remains exclusively competent for determining the taxable income and what must be taxed as aggregated income or separately.

  Step two ends with the apportionment of the net income between spouses.

- **Step three** deals with the **expenses entitling to a tax advantage**; some of them have been transferred to the Regions which became therefore exclusively competent for them under their increased tax autonomy. It explains on what conditions these advantages are granted, how they are granted and what are possibly their limits.

- **Step four** deals with the **computation of the tax**. This computation has been completely changed as a consequence of the increased tax autonomy for the Regions under the Sixth State Reform. The new computation of the tax implies the application of the extended surcharge model with the application of the regional additional tax on PIT.

  Step four will notably deal with: the application of the progressive rate structure (the tax rate increases, per successive bracket, according to the taxable income), the taking into account of the zero-rate bands, the split between both major components consisting of the federal PIT and the regional PIT.
The computation of the taxable income is represented in the following chart.

**Diagram of PIT**

**Determining taxable income**

- Income from immovable property
  - Indexed (and revalued) cadastral income
  - Net rent

- Income from movable property
  - Dividends
  - Interests

- Miscellaneous income
  - Alimony payments

- Earned income
  - Workers’ salaries and wages
  - Replacement income
  - Directors’ remunerations
  - Assisting spouses’ remunerations
  - Profits and proceeds

To be deducted:
- Interests of loans (other real estate than the own dwelling house)
- Social security contributions
- Professional expenses
- Tax incentives
- Professional losses

To be deducted:
- Net amount prof. income
- Separate taxation
  - Arrears
  - Prepaid holiday pay
  - Termination compensation
  - Capital gains from professional activity
  - Capital, pension savings schemes and long-term savings

**AGGREGATED TAXABLE INCOME**

- Alimony payments made
- Deduction from global net income

See diagram: computation of tax, Section 1.4., page 70
1.1. Chargeable persons; location of tax liability

Personal income tax is due by the inhabitants of the Kingdom, i.e. the persons whose domicile or seat of wealth (4), when not domiciled in Belgium, is located in Belgium.

Unless evidence to the contrary can be provided, all individuals listed in the National Register of Individuals are considered inhabitants of the Kingdom.

The taxpayer is liable to the regional additional tax of the Region in which his tax residence is located on 1 January of the tax year (1 January 2018 for 2017 income). If the taxpayer changes his tax residence during the year from one to another Region, the situation on 1 January of the tax year applies. As a result, there is only one possible tax residence per tax year.

"Domicile" refers to a factual situation characterised by the actual residence or living quarters located in the country; "seat of wealth" refers to the place from where the assets concerned are managed.

A temporary absence from the country does not imply a change of domicile.

The municipality where the taxpayer is domiciled on 1 January of the tax year is the "municipality of taxation", which determines the rate of the municipal surcharges.

As far as civil partnerships are concerned, separate taxation of the partners’ income has become the rule, but the assessment is made on the aggregated income, the partners thus keeping the benefits of the marital quotient and of income allocations or tax exemptions.

Legal cohabitants are assimilated to spouses. Hereafter the word “spouse" may also have the meaning of "legal cohabitant".

As regards spouses, joint taxation is thus the rule. This shows in the common return. Separate taxation, and thus separate returns, applies however in the following cases:

- in respect of the year of marriage or of the year of registration of the legal cohabitation,
- in respect of the year of divorce or (official) termination of the legal cohabitation,
- as from the year following the year of actual separation or actual cessation of legal cohabitation, provided the separation has remained effective throughout the year.

In respect of the year of decease, the surviving spouse, or the heirs in case both spouses have deceased, may choose between a joint or a separate taxation; notice of the choice shall be given at the time of the return. If the joint taxation is not expressly stipulated, the separate taxation will automatically apply.

1.2. Determination of the net income

The taxable income includes real estate income, income from movable property, miscellaneous income and earned income. For each of these categories, there are specific rules for the calculation of the net income (i.e. after deduction of expenses and losses): these rules are described hereafter.

4 Under the new Special Finance Act, the concept “seat of wealth” has become a subsidiary criterion which is only used secondly.
1.2.1. **Real estate income**

**A. General rules**

The taxable amount of the real property is established separately for each spouse and the jointly owned property is apportioned on a fifty-fifty basis between the spouses. The fifty-fifty apportionment also applies to own real estate income if the spouses are married under the legal regime.

The taxable amount of real estate income is determined, according to the case, either on the basis of the cadastral income or on the basis of the rent. The net amount is then obtained by deducting interests on loans (other real estate than the own dwelling house).

**TAXABLE AMOUNT**

The underlying idea here is the cadastral income, which is a notional income deemed to represent the net annual income from the premises concerned, at the price of the year used as a reference for the most recent official valuation procedure. The reference year is 1975, but the cadastral income has been indexed since 1990. For the year 2017, the adjustment coefficient is 1.7491.

The taxable income depends on the purpose it is given. Table 1.1 lists the possible purposes of built movable property.

### Table 1.1

*Income from real property: determination of the taxable amount*

<table>
<thead>
<tr>
<th>Use the real property is put to?</th>
<th>Taxable income</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. It is the taxpayer’s own dwelling house</td>
<td>Since 1 January 2005, the cadastral income of the own dwelling house is no more taxable.</td>
</tr>
<tr>
<td>b. It is not the taxpayer’s dwelling house, but it is not leased (a second residence, for example)</td>
<td>The indexed cadastral income increased by 40%</td>
</tr>
<tr>
<td>c. It is used by its owner for the purpose of a trade or business</td>
<td>No taxable income from immovable property; it is deemed to be a professional income</td>
</tr>
<tr>
<td>d. It is leased to a natural person who does not use it for the purpose of a trade or business</td>
<td>The indexed cadastral income increased by 40%</td>
</tr>
<tr>
<td>e. It is leased</td>
<td>The rent less 40% for standard expenses, BUT</td>
</tr>
<tr>
<td>- to a natural person who uses it for the purpose of a trade or business,</td>
<td>- the expenses may not exceed two thirds of 4.39 times the cadastral income</td>
</tr>
<tr>
<td>- to a company (*)</td>
<td>- the net rent may not be less than the indexed cadastral income increased by 40%</td>
</tr>
<tr>
<td>- to any other legal person except those listed in (f)</td>
<td></td>
</tr>
<tr>
<td>f. It is leased to a legal person not being a company, for purposes of underlease to one or more natural persons in order to be used exclusively as a dwelling house</td>
<td>The indexed cadastral income increased by 40%</td>
</tr>
</tbody>
</table>

(*) *Taking into account the requalification-of-income principle. See infra: special provisions.*
Part I: Direct taxation

As far as land is concerned:

- cases (a) and (f) do not apply, of course;
- in cases (b) and (d), the increase by 40% of the cadastral income does not apply;
- in case (e), the taxable income is the amount of the gross rent, minus lump sum 10% deduction for expenses,
- as for farm rent, the taxable amount is limited to the indexed cadastral income, where rented in compliance with the law on agricultural leases.

(OLD) REGIONAL STANDARD TAX CREDIT FOR INTEREST

It concerns the regional conversion of the old standard interest deduction. The interest entitles to a tax credit up to the amount corresponding to the "net real estate income". The tax credit is granted at a rate of 40% (5).

This tax credit was still granted by the Flemish Region for interest from loans contracted in 2015, but it has been abolished for contracts taken out as from 2016, under the grouping of the various tax credit systems relating to the own dwelling house into one system, the integrated housing bonus. As a result, this tax credit has been abolished in the three Regions.

ABOLITION OF THE CREDITABLE WITHHOLDING TAX ON REAL ESTATE – CONVERSION INTO A REGIONAL TAX CREDIT FOR "CREDITABLE WITHHOLDING TAX ON REAL ESTATE"

The creditable withholding tax on real estate has been abolished (6) and converted into a regional tax credit calculated according to the interest paid for the own dwelling house, after application of the regional tax credit for standard interest. The tax credit amounts to 12.5% of the interest and royalties taken into account and applies in principle to loans contracted before 1 January 2005, but with the application of a transitional rule for loans contracted after this date, while another loan contracted before 1 January 2015 was ongoing and the housing bonus has not been chosen for the new loan.

---

5 The tax credit is only granted for loan interest or debts incurred before 1 January 2015, with the exception of the Flemish Region in which the measure still applied to loans contracted in 2015.

6 Before the new Special Finance Act, only the withholding tax on real estate relating to the taxable cadastral income of the dwelling house was creditable where this withholding tax was really due. The creditable amount could not exceed 12.5% of the portion of the cadastral income included in the taxable base.
Concept of “own dwelling house” according to the Special Finance Act

The concept of “own dwelling house” is defined in the new Special Finance Act (and no longer in the Income Tax Code).

“Own dwelling house” means the dwelling house personally occupied in 2015 by the taxpayer as owner, occupier, emphyteutic lessee, superficiary owner or usufructuary, or not personally occupied for one of the following reasons: professional reasons, social reasons, legal or contractual impediments, the progress of building or renovation works.

The own dwelling house does not include the portion of the dwelling house used by the taxpayer or by a person who is not part of his household for the purpose of a trade or business. If the taxpayer personally occupies only a portion of the dwelling house, only this portion will be considered as being the own dwelling house.

As from tax year 2015: if the taxpayer personally occupies more than one dwelling house, he can no longer choose which dwelling house must be considered as his own dwelling house. The own dwelling house will be automatically the dwelling house where the tax residence has been located.

As far as the own dwelling house (and the other real estate income) is concerned, the monthly assessment has been changed into a daily assessment

According to the old monthly assessment, in case of changes in ownership, the situation on the 16th day of the month was the deciding factor. From now on, the recognition as own dwelling house will be assessed on a daily basis. This change has important consequences on the exemption of the cadastral income.

As a result, during the same taxable period, a regional tax advantage can be converted into a federal tax advantage if a dwelling house loses its status of own dwelling house during the taxable period.

B. Some special provisions

- Real estate income also includes sums obtained through the constitution or the transfer of long lease rights, building rights, planting rights or similar land rights. Sums paid for the acquisition of such rights are deductible, unless these rights relate to the own dwelling house (in this case, application of the regional tax credit).
- When a natural person rents a building to a company in which he is a corporate executive, the amount of the rent and rental benefits received can be requalified and classified as earned income: the part exceeding 7.32 times the cadastral income stops being considered income from immovable property and becomes a director’s remuneration (7).
- Where a rented building is partly used by the tenant for a professional activity, the tax base is determined on the basis of the rent for the whole building, except if the parts used for professional and private purposes are defined by a registered lease: if so, each part is examined according to the relevant arrangements.

7 I.e. 5/3 of the “revalued” cadastral income, that is to say multiplied by 4.39.

The Tax Survey should not be considered as an administrative circular, no rights can be founded on it.

January 2018 issue.
Part I : Direct taxation

Where a furnished building is let and the contract does not provide for separate rents for the building and for the furniture, 60% of the gross rent is deemed to be a real estate income taxed pursuant to the terms mentioned in Table 1.1, whereas the remaining 40% is deemed to concern the furniture and constitutes an income from movable assets (8).

Where a non-furnished building has remained entirely unoccupied or unproductive for at least 90 days, the cadastral income is only included in the taxable income in proportion to the time the building has been occupied and/or has produced income.

1.2.2. Income from movable property

The reader will find hereafter the situation relating to 2017 income. He can refer to the chapter "Withholding tax on income from movable property" as regards income allocated as from 1 January 2018.

The specific system as regards copyright is described in point D hereafter.

The amount of the chargeable movable income is established for each spouse separately. Income from jointly owned movable property is apportioned according to the property law.

Under the new Special Finance Act, the tax on income from movable property is not reduced by the autonomy factor of 24.957% and it is not part of the basis for the calculation of the regional surcharges. The “movable property income box” includes dividends, interest, income from renting, lease-farming or concessions of movable property, income from prizes attached to debenture bonds, capital gains on securities taxed as miscellaneous income.

The following income is however subject to regional surcharges: income included in life annuities or temporary annuities, income from copyright and most miscellaneous movable income (income from a sublease or the transfer of a lease, income from the permission to place advertising boards on buildings and income from sporting rights (hunting, fishing, trapping)).

A. Income from movable property for which a return is optional

As a general rule, dividends, income from savings certificates, deposits, bonds and other fixed interest securities are liable to withholding tax at their collection; for this income, no return has to be submitted.

However, if the income from movable property is low, a return can be submitted so as to credit against the withholding tax and, if need be, to benefit from the refund of the surplus of the withholding tax at source.

B. Income from movable property for which a return is obligatory

A return must always be submitted for the following income:

- income earned abroad and collected directly abroad;
- income from ordinary savings deposits exceeding the first exempted bracket (cf. infra);

---

8 This is an income from movable property in respect of which a return is obligatory; see 1.2.2.B.
Part I: Direct taxation

Income from capital invested in cooperative companies or companies with a social objective, exceeding the first exempted bracket (cf. infra);
interest from some loans granted to start-up SMEs through a recognised crowdfunding platform, which exceeds the exempted limit (see infra);
income from copyright and related rights;
other income not liable to withholding tax, such as income from life annuities or temporary annuities, income from rent, from farming out or from the use or lease of any movable property, as well as income from mortgage debts on real estate situated in Belgium.

C. Non-taxable movable income

The most common cases are the following:

- the first 1,880 euro bracket of the income from ordinary savings deposits, per spouse. The exemption has been extended to the first bracket of interest from savings deposits received by credit institutions established in another Member State of the EEA, provided these deposits meet similar requirements to those laid down for deposits opened in Belgium;
- the first 190 euro bracket of income, per spouse, from capital invested in cooperative companies recognised by the National Cooperation Council (NCC), in companies established in another Member State of the EEA with a similar legal form (9), in recognised companies with a social objective or in companies established in another Member State of the EEA with a similar legislation (10);
- interest relating to the first bracket of 15,000 euro (per spouse) from some loans granted to start-up SMEs through a recognised crowdfunding platform (11);
- income from certain life insurance contracts when the contract includes the payment upon death of a benefit equal to at least 130% of the premiums paid or when the contract has been concluded for more than eight years and the benefits have actually been paid more than eight years after the conclusion of the contract.

Non-taxable income also includes income from preferential shares in the Belgian National Railway Company and from public bonds issued prior to 1962 that are exempted from real and personal taxation or from all forms of taxation.

D. Copyright

The income concerned is income from the cession or concession of copyright and related rights, as well as legal or compulsory licences, referred to in Book XI of the Belgian Economic Law Code or in similar provisions of foreign law (hereafter “copyright”).

Copyright, whether or not from a professional activity, is liable to the withholding tax on movable property.

However, copyright from a professional activity is definitively taxed as income from movable property for the first 58,720 euro bracket. The part of gross copyright exceeding 58,720 euro is in theory taxable as professional income.

---

9 This exemption will be abolished as from tax year 2019.
10 As from tax year 2019, this exemption will be limited to interest.
11 Under the measure as modified by the law of 18 December 2016, the borrowers/natural persons are excluded from the system. Under the original system, they could also open the right to the exemption.
Where the right to deduct actual costs has not been used, the taxable amount results from the deduction of a lump sum cost amount calculated as follows:

- 50% on the first 15,660 euro bracket;
- 25% on the bracket between 15,660 and 31,320 euro;
- 0% above.

All income from copyright must be mentioned in the personal income tax return, even though a withholding tax has been levied on it.

**E. Assessing procedures**

Income from movable property is taxable with respect to its gross amount, i.e. before withholding tax on income from movable property and before deduction of recovery and maintenance costs.

Income from movable property can be **separately taxed**, in which case the following rates apply:

**Table 1.2**

*Assessment rates of the main income from capital and movable property (2017 income)*

<table>
<thead>
<tr>
<th>DIVIDENDS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends from a capital reduction resulting from the injection of dividends from which a 10% withholding tax has been levied (12)</td>
<td>17% / 10% / 5%</td>
</tr>
<tr>
<td>Dividends withdrawn from the liquidation reserve</td>
<td>20% / 17% / 5%</td>
</tr>
<tr>
<td>Dividends from certain SMEs’ shares (“VVPR-bis” system)</td>
<td>20% or 15%</td>
</tr>
<tr>
<td>Dividends from residential real estate investment companies (SICAFI/vastgoedbevaks) and from RREC’s, which invest in “care and housing units suited for health care”</td>
<td>15%</td>
</tr>
<tr>
<td>Other dividends</td>
<td>30%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INTEREST</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from ordinary savings deposits</td>
<td>15%</td>
</tr>
<tr>
<td>Interest from government bonds 24 November 2011 – 2 December 2011</td>
<td>15%</td>
</tr>
<tr>
<td>Other interest</td>
<td>30%</td>
</tr>
</tbody>
</table>

| ROYALTIES, LIFE ANNUITIES AND TEMPORARY ANNUITIES | 30% |
| COPYRIGHT                                           | 15% |

**Total aggregation** is applied however where it is to the advantage of the taxpayer; only then are recovery and maintenance costs deductible.

The additional municipal surcharges are added to the tax amount, except for the tax on interest and dividends, irrespective of whether the income from movable property (or the miscellaneous movable income) is taxed as aggregated income or separately.

---

12 Cf. chapter “Withholding tax on income from movable property”, page 160.
1.2.3. Miscellaneous income

This third category of taxable income includes all income with the common characteristic of not being earned by performing a professional activity.

Among the categories of income mentioned hereafter, only "current" alimony payments are included in the aggregated taxable income (thus not "arrears"). Every other miscellaneous income is taxed separately (13).

The amount of the taxable miscellaneous income is determined separately for each spouse. Any shared income is apportioned according to the law of property.

ALIMONY PAYMENTS

80% of alimony payments received in the course of a taxable period are subject to tax (they are included in the aggregated taxable income) (14). Arrears of alimony payments are also taxed in respect of 80% of their total amount; nevertheless where paid under a Court order with retroactive effect they may be separately taxed.

OCCASIONAL PROFITS AND PROCEEDS

The profits and proceeds not connected with a professional activity are considered here. Are not concerned:

- profits and proceeds obtained through the normal management of one’s private fortune,
- gains from gambling and lotteries.

The total amount of occasional profits and proceeds is taxable after deduction of actual expenses.

COLLABORATIVE ECONOMY

Profits and proceeds resulting from "services" provided by an individual to another individual through an electronic platform recognised or set up by a public authority, are considered as miscellaneous income, under some conditions. One of the conditions concerns the maximum amount of gross income (5,100 euro for the income year 2017). Where this limit is exceeded, the income is considered as earned income.

Income from the collaborative economy are separately taxed at 20% but after application of a lump sum amount corresponding to 50% of expenses.
Part I : Direct taxation

However, the system relating to collaborative economy, which normally applies to income paid or allocated as from 1 July 2016, is only applicable for the first time in the tax return relating to tax year 2018, because recognition of electronic plateforms could only be granted as from 2017.

Prizes and Subsidies

Prizes, subsidies, annuities or pensions allocated to scholars, authors or artists by Belgian or foreign public authorities or non-profit public bodies (15) are also subject to taxation as "miscellaneous income".

This miscellaneous income is taxable in respect of the total amount actually received, increased by the retained withholding tax on earned income.

There is no tax rebate for annuities and pensions. Prizes and subsidies (16) are only taxable in as far as they exceed 3,910 euro.

Allowances to Research Workers

Are also considered as miscellaneous income, personal allowances from the exploitation of a discovery paid or granted to research workers by universities, “hautes écoles” (non-university tertiary education), the “Federaal Fonds voor Wetenschappelijk Onderzoek - Fonds fédéral de la Recherche scientifique”, the “FRS-FNRS” (Fonds de la Recherche Scientifique–FNRS) or the “FWO-Vlaanderen” (Fonds voor Wetenschappelijk Onderzoek-Vlaanderen).

These allowances are taxable with respect to their net amount, i.e. after deduction of 10% costs from the gross amount. A withholding tax is levied on these allowances.

---

15 Unless these organisations are recognised by a Royal Decree deliberated in the Council of Ministers.
16 Where subsidies are allocated for several years, the taxpayer is entitled to a rebate only in respect of the first two years.
Part I: Direct taxation

CAPITAL GAINS FROM BUILT REAL PROPERTY

These capital gains are only taxable as miscellaneous income where all the following conditions are met:

- the property is situated in Belgium,
- it is not the taxpayer’s own dwelling house,
- the alienation for a consideration (generally a sale) occurs either less than five years after the acquisition for a consideration, or less than three years after a gift and less than five years after the acquisition for a consideration by the grantor.

The taxable amount is determined on the basis of the transfer price, from which are deducted:

- the purchase price and acquisition costs,
- a 5% revaluation of the purchase price and costs for each full year of ownership,
- the costs of renovation work carried out by a registered contractor on behalf of the owner between the time of acquisition and the time of alienation.

CAPITAL GAINS FROM LAND

These capital gains are only taxable as miscellaneous income where the following conditions are met:

- the real property is situated in Belgium,
- the alienation for a consideration occurs either less than eight years after the acquisition for valuable consideration or less than three years after a gift has been made and less than eight years after the acquisition by the grantor for a valuable consideration.

The taxable amount is determined on the basis of the transfer price, from which are deducted:

- the purchase price and acquisition costs,
- a 5% revaluation of the purchase price and acquisition costs for each full year of ownership between the acquisition and the alienation.

CAPITAL GAINS REALISED UPON THE ALIENATION OF A BUILDING PUT UP ON LAND ACQUIRED FOR A CONSIDERATION

These capital gains are only liable to tax where all the conditions mentioned hereafter are met:

- the building is situated in Belgium,
- its construction was started less than five years after the acquisition of the land for a consideration by the taxpayer or the grantor,
- the alienation for a consideration takes place less than five years after the building was first brought into use or put up for rent.

The taxable amount is determined on the basis of the transfer price, from which may be deducted:

- the purchase price and acquisition costs,
- a 5% revaluation of the purchase price and costs for each full year of ownership between the acquisition and the alienation,
- the costs of renovation work carried out by a registered contractor on behalf of the owner between the first occupancy or letting and the alienation.
**Part I : Direct taxation**

**CAPITAL GAINS REALISED ON THE TRANSFER OF AN IMPORTANT PARCEL OF SHARES**

These capital gains are taxable as miscellaneous income only where an important parcel of shares (more than 25%) is transferred to companies and legal entities established outside the European Economic Area.

The taxable amount is the difference between the transfer price and the purchase price, the latter being revalued if necessary (17).

Income mentioned hereafter constitutes the category “miscellaneous movable income”. It concerns prizes attached to debenture bonds, income from a sublease or the transfer of a lease, income from the permission to place advertising boards and income from sporting rights (hunting, fishing, trapping).

**PRIZES ATTACHED TO DEBENTURE BONDS**

This type of income is rare, lottery loans having fallen into abeyance. The taxable amount is the net amount received increased by the (actual or notional) withholding tax.

**INCOME FROM A SUBLEASE OR THE TRANSFER OF A LEASE**

The taxable amount of income from a sublease or from the transfer of a lease is the gross rent received from the sublease, minus actual expenses and rent paid.

**INCOME FROM THE PERMISSION TO PLACE ADVERTISING BOARDS**

The taxable amount is the amount received minus actual expenses or minus a lump sum of 5% for expenses.

**INCOME FROM SPORTING RIGHTS (HUNTING, FISHING, TRAPPING)**

The taxable amount is the amount received.

**1.2.4. Earned income**

There are seven categories of professional earnings:

1. employees’ salaries and wages;
2. company managers’ remunerations;
3. assisting spouses’ remunerations (without own social status) (18);
4. profits from agricultural, industrial and commercial activities;
5. proceeds from a liberal profession;
6. profits and proceeds from former professional activities;
7. replacement income: pensions, unemployment with company allowance regime (formerly called “prepensions”), unemployment benefits, health insurance benefits, etc.

---

17 The revaluation only concerns acquisitions realised before 1949.
18 Are concerned: assisting spouses pursuing a professional activity which does not give entitlement to own benefits under a compulsory system for pension, family allowances and sickness and invalidity insurance, being at least equal to those granted under the self-employed social status.
The taxpayer declaring profits or proceeds can remunerate the assisting spouse. This remuneration (assisting spouses under the “new system”, Article 33 Income Tax Code 92) coexists with the "assisting spouse quota" (assisting spouses under the “old system”, Article 86 Income Tax Code 92), but they cannot apply concurrently. The remuneration constitutes for the assisting spouse a source of earned income from independent activity (19).

The net income is determined in six stages:
- deduction of social security contributions;
- deduction of actual or lump sum professional expenses;
- economic exemptions, notably tax measures in favour of investment and/or employment;
- clearance of losses;
- awarding of the "assistant spouse" quota and the marital quotient;
- compensation of losses between spouses.

---

19 From a tax point of view, those remunerations are considered as own professional income.
Part I : Direct taxation

A. **Taxable income, exempted income: a few clarifications**

It is impossible to tell the long and short of the rules determining whether an income is taxable or not: only the general rules and the most frequent cases will be developed hereafter, and special attention will be given to earned income and replacement income.

**Earned income** includes wages, salaries and other remunerations received with respect to a professional activity. Is not included, the repayment of expenditures characteristic of employers.

A temporary exemption of PIT is given for **premiums for innovation**. This exemption covers the year 2017. The exemption is subject to some conditions being fulfilled. Amongst these conditions: these premiums must be granted for innovation which adds real value to the normal activities of the employer granting the premium, and the number of workers to whom these premiums are granted cannot exceed 10% of the number of workers employed by the company per calendar year (and maximum 3 workers for companies with less than 30 workers).

**Commuting expenses** have to be borne by the employee; they are deductible as professional expenses (see further, under C). Where these expenses are refunded by the employer, they are in principle a taxable income. The latter can partly be exempted however; the following chart explains the different possibilities.

<table>
<thead>
<tr>
<th>Table 1.3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>How to determine the exempted part of the sums reimbursed by the employer for commuting expenses?</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Bicycle or speed pedelec commuting</strong>: allowance exempted up to a maximum amount of 0.23 euro/km.</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Where a means of public transport is used</strong>: the total amount of the allowance or reimbursement made by the employer is exempted.</td>
</tr>
<tr>
<td><strong>Where a collective means of transport is provided by the employer or a group of employers, or in the case of carpooling</strong>: the allowance granted by the employer is exempted, pro rata temporis, up to the amount of a monthly first class train pass between work and home.</td>
</tr>
<tr>
<td><strong>Other means of transport</strong>: the allowance is exempted up to 380 euro.</td>
</tr>
</tbody>
</table>
Earned income includes termination compensation, arrears and advance holiday pay. This income is however taxed separately.

Under the introduction of the single status for workers and employees and the new rules for the calculation of the notice period introduced as from 2014, a specific exemption system has been provided for “severance payments” (“indemnités compensatoires de licenciement” / “ontslagcompensatievergoedingen”). Those are paid by the Belgian National Employment Office to compensate for the damage suffered by redundant workers (employed before 1 January 2014) resulting from the fact that a part of the notice period is still calculated according to the old less favourable rules (20).

Workers who received “severance payments” are no longer entitled to the redundancy allowance paid by the Belgian National Employment Office and mentioned hereafter.

The redundancy allowance which is payable by the Belgian National Employment Office and which dismissed workers (employed before 1 January 2014) can benefit, is tax exempted and exempted from social security contributions. The exemption applies to allowances received as from 1 January 2012, provided the dismissal is notified by the employer on 1 January 2012 at the earliest.

<table>
<thead>
<tr>
<th>Redundancy allowance and severance payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>The redundancy allowance is granted under certain conditions to a worker fired after 31 December 2011. It can be cumulated with unemployment benefits.</td>
</tr>
<tr>
<td>The severance payment is paid under certain conditions by the Belgian National Employment Office to workers whose employment contract was signed before 2014, who were fired after 2013 and who have sufficient seniority with the employer. It compensates for the financial loss incurred by those workers because the new more favourable rules regarding the notice period have not yet been fully applied to them as from 2014. With the severance payment, the Belgian National Employment Office grants a compensation for the difference between the amount paid by the employer and the amount to which the worker is entitled under the new rules regarding the notice period.</td>
</tr>
</tbody>
</table>

As regards remunerations relating to activities performed in the framework of local employment agencies, 4.10 euro are exempted from tax for each hour worked.

Earned income includes the benefits in kind obtained in respect of professional activities: this principle is extended to all categories of professional income.

The employer’s financial intervention in meal vouchers, up to 6.91 euro per voucher, and in sport and culture vouchers (up to 100 euro per year) is an exempted social advantage for the beneficiary, provided some conditions are met.

Eco-vouchers can also be tax exempted. These vouchers must be registered and granted in the framework of a collective agreement either sectoral or concluded within the company. If there is no collective agreement, a written individual agreement is required. The exemption is limited to 250 euro per year.

---

20 The new rules, applicable as from 1 January 2014, provide for a longer notice period for redundant workers. However, the new notice periods only totally apply if the employment contract began after 31 December 2013.
The system of **non-recurrent advantages linked to results** or “wage bonus” is tax exempted. The bonus is an additional allowance granted to each worker or group of workers in the company and linked to the results of the company (more specifically to previously defined goals, financial or not, which can objectively be ascertained). The rules must be enshrined in a collective agreement or an accession procedure must be used for companies without union delegation. This procedure is limited to workers entitled to the bonus and must be submitted to the sectoral joint agreement. The tax exemption is granted for maximum 2,830 euro per worker.

At social level, ordinary social security contributions are still exempted. However, as far as advantages paid or allocated as from 1 January 2013 are concerned, a solidarity contribution of 13.07% is to be paid by the worker on actually granted advantages up to the social annual upper limit (a gross amount of 3,255 euro). Employers’ contributions are limited to a special social security contribution of 33%. The portion of the bonus exceeding the upper limit is considered as wage. As a result, it is subject to ordinary social security contributions and is taxed.

There is also a special tax system for **sportsmen and volunteers** (referees, trainers, coaches and guides). The income earned from this activity by sportsmen or volunteers aged 26 at least, is taxed separately at 33% for a first 19,260 euro gross bracket, provided those sportsmen or volunteers have a higher income from another professional activity. This system does not apply to company managers' remunerations. Remunerations granted to sportsmen aged 16 to less than 26 on 1 January of the tax year are taxed separately at 16.5% for the first 19,260 euro gross bracket.

Allocation granted to **artists** and considered at social level as lump sum settlement of expenses for performing “small-scale” artistic activities, are exempted to 2,493,27 euro per calendar year. This tax exemption follows the exemption system applied to social security contributions, and applies where those allocations are considered as well as professional income as miscellaneous income.

Under the Horeca plan implemented in 2015, the **flexi-remuneration and the flexi-holiday pay** are exempted from tax and from social security contributions, with the exception of a special contribution of 25% to be paid by the employer. However, the tax exemption for the flexi-remuneration does not apply to the advantage resulting from the putting at disposal of a company car to a “flexi-job” worker for private use.

In the Horeca sector, some **hours of overtime** are exempted from tax and social security contributions, provided some conditions are met. Notably: the hours of overtime must be paid without bonus and are not recovered by the worker. However, in this case, there is no special contribution of 25% to be paid by the employer, unlike flexi-jobs. The maximum number of hours of overtime has been fixed at 300 hours a year if the employer does not use a cash register system, and 360 hours a year if he does. In practice, this exemption applies to hours of overtime worked as from 1 December 2015 and it does not apply to hours of overtime entitling to the tax credit for overtime pay in the Horeca sector and to the exemption of payment of withholding tax on earned income.
Part I: Direct taxation

<table>
<thead>
<tr>
<th>The tax system for stock options</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadly speaking, a stock option plan consists of a right, granted voluntarily by a company to their staff, allowing the latter to acquire shares in that company within a fixed period and at a predetermined price, called the exercise price. This tax system for stock options applies to all companies and is not restricted to quoted companies.</td>
</tr>
<tr>
<td>The granting of share options is considered as a taxable benefit in kind (BIK). This BIK becomes a taxable income at the time it is received and not at the time it is exercised.</td>
</tr>
<tr>
<td>The taxable benefit in kind is valued at a flat rate (21). It is fixed at 18% of the value of the shares the option relates to, at the time of the granting. This percentage is increased by 1% for each year or part of a year exceeding five years. Where a stock option plan provides for the option to be exercised seven years after the granting thereof, for example, the benefit in kind shall be fixed at a 20% flat rate of the shares’ value at the day of their granting.</td>
</tr>
<tr>
<td>These percentages are halved when the following conditions are jointly met:</td>
</tr>
<tr>
<td>- the exercise price is determined definitely at the time the right is granted,</td>
</tr>
<tr>
<td>- the option may neither be exercised before the end of the third nor after the end of the tenth calendar year following the year the right is granted,</td>
</tr>
<tr>
<td>- the option may not be the object of a transfer inter vivos,</td>
</tr>
<tr>
<td>- the shares may not be covered against the risk of depreciation,</td>
</tr>
<tr>
<td>- the option shall relate to shares either of the company on behalf of which the professional activity is performed or of a parent company thereof.</td>
</tr>
<tr>
<td>The advantage thus calculated is added to the aggregated taxable income. The assessment pertaining to it is a final one. Possible capital gains realised or recorded upon the exercise of the right are not taxable.</td>
</tr>
<tr>
<td>The Act of 24 December 2002, allows for an extension up to maximum 3 years of the period during which the right of option can be exercised without additional fiscal burden.</td>
</tr>
<tr>
<td>In order to be eligible for this for this extension, the options must meet the following conditions:</td>
</tr>
<tr>
<td>- they must have been granted, i.e. not have been abandoned, within 60 days after the offer;</td>
</tr>
<tr>
<td>- they must have been given between 2 November 1998 and 31 December 2002;</td>
</tr>
<tr>
<td>- they have not been exercised yet and the option period is still running;</td>
</tr>
<tr>
<td>- they beneficiary must have given his consent and the Tax Administration must have been informed thereof by the enterprise giving the options.</td>
</tr>
<tr>
<td>The Economic Recovery Act of 27 March 2009 allows for a new extension of the period during which the right of option can be exercised without additional fiscal burden, for option plans concluded between 1 January 2003 and 31 August 2008. The conditions are the same as those listed above, except that they must have been offered between 2 November 2002 and 31 August 2008 included. The extension reaches 5 years for those option plans, up to a maximum fiscal value of 100,000 euro. “Fiscal value” means the value of the advantage in kind fixed as described above.</td>
</tr>
</tbody>
</table>

---

21 Where the shares are quoted or traded on a stock exchange, the taxable advantage is generally determined in respect of the last closing rate on the day preceding the day it was granted.
The tax system for company cars

The method for calculating the benefit in kind relating to the putting at disposal of a company car (including commuting) is to be found hereafter.

This calculation method applies to benefits in kind granted as from 1 January 2012.

The benefit in kind is calculated as \( \frac{6}{7} \)th of the catalogue value of the car multiplied by a percentage linked to the car's CO₂ emission rate, that is to say

\[
\text{Benefit in kind} = \text{catalogue value} \times \% \text{ (CO₂ coefficient)} \times \frac{6}{7}
\]

The basic CO₂ coefficient amounts to 5.5% for a diesel car with a CO₂ emission threshold of 87 g/km and for a petrol, LPG or natural gas car with a CO₂ emission threshold of 105 g/km (coefficients applicable to benefits in kind granted as from 1 January 2017).

Where the CO₂ emissions exceed the threshold, the basic percentage is increased by 0.1% per gram CO₂ to maximum 18%.

Where the CO₂ emissions are lower than the threshold, the basic percentage is decreased by 0.1% per gram CO₂ to minimum 4%. If the company car is exclusively powered by an electric motor, the CO₂ percentage is equal to the minimum, that is to say 4%.

In no circumstance can the benefit be lower than 1,280 euro.

**CATALOGUE VALUE**

Only one definition of the catalogue value applies to all company cars, as well new cars as second-hand or leasing cars.

The catalogue value is the list price of the new vehicle on the occasion of sales to private individuals, including the options and the actually paid VAT (22), but excluding reductions, deductions, rebates or discounts.

**TAKING INTO ACCOUNT OF THE AGE OF THE VEHICLE**

The fixed catalogue value is decreased according to the age of the vehicle, by 6% per year to a maximum decrease of 30%. The period as from the date of the first registration of the vehicle is therefore taken into consideration.

<table>
<thead>
<tr>
<th>Period as from the first registration of the vehicle (*)</th>
<th>Percentage of the catalogue value for the computation of the benefit in kind</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-12 months</td>
<td>100%</td>
</tr>
<tr>
<td>13-24 months</td>
<td>94%</td>
</tr>
<tr>
<td>25-36 months</td>
<td>88%</td>
</tr>
<tr>
<td>37-48 months</td>
<td>82%</td>
</tr>
<tr>
<td>49-60 months</td>
<td>76%</td>
</tr>
<tr>
<td>More than 60 months</td>
<td>70%</td>
</tr>
</tbody>
</table>

(*) Every month started counts for a whole month. For instance: the date of the first registration within the “Direction pour l'Immatriculation des Véhicules”/”Directie Inschrijvingen van Voertuigen” (Department for Vehicles Registration) is 21 March 2012. The percentage of the catalogue value to be taken into consideration amounts to 100% from 1 March 2012 to 28 February 2013 and to 94% as from 1 March 2013.

---

22 The (notional) VAT that should have been paid on this list price if the reductions, deductions, rebates and discounts granted were not applied for the calculation of the VAT, is therefore not taken into account.
Although, as a general rule, replacement income is taxable, some social transfers are exempted. Are concerned:

- income support;
- legal family allowances;
- maternity allowances and legal adoption premiums;
- disability allowances chargeable to the Treasury under current legislation;
- war pensions;
- allowances paid in respect of an incapacity for work or an occupational disease to a person losing no professional income. The allowances are automatically exempted where the degree of disablement does not exceed 20% or where the allowances are paid on top of a retirement pension. Where the degree of disablement exceeds 20%, the tax exemption is in principle limited to that percentage.

Copyright is considered as professional income if resulting from a professional activity and for the bracket above 58,720 euro. Below this threshold, it is assimilated to income from movable property (23).

As mentioned above, the taxable amount is fixed after application of lump sum costs.

B. Deduction of social security contributions

Employees’ salaries and wages and directors’ and assisting spouses’ remunerations are taxable in respect of their gross amount less personal social security contributions.

Taxable profits and proceeds are determined in a similar way.

Replacement income can, in certain cases, be liable to social security contributions: in this case, they are to be deducted to ascertain the gross taxable amount.

The special social security contribution levied on the salaries of employees (or their counterparts) whose net taxable household income exceeds 18,592.01 euro a year, does not influence the calculation of the social security contributions, nor does it affect the calculation of the withholding tax on earned income. Unlike other social security contributions, it is not deductible.

On the other hand, the solidarity levies on pensions of which the gross monthly amount exceeds 2,311.96 euro (pension for singles) / 2,672.91 euro (pension for households), are assimilated to social contributions and are thus fiscally deductible.

C. Deduction of expenses

Actual expenses

The deductibility of professional expenses is a general principle which applies to all categories of income, including replacement income.

May be deducted, expenses the taxpayer has incurred or borne during the assessment period with a view to acquiring or preserving taxable income, provided he can establish the reality of such expenditures and the amount thereof.

---

23 See above on page 30.
42 The Tax Survey should not be considered as an administrative circular, no rights can be founded on it. January 2018 issue.
Part I: Direct taxation

As regards commuting expenses, a distinction should be made between expenses borne in respect of a personal vehicle and others.

- Where the expenses are incurred in connexion with a personal vehicle, the deductibility is limited to 0.15 euro per kilometre;
- Where the travel expenses have been incurred by any other means, fixed professional expenses (0.15 euro per kilometre) are granted, the maximum distance between home and work being set at 100 kilometres in the absence of evidence. Where a chargeable person proves higher actual expenses, he may deduct the latter entirely, but he is not allowed to combine the lump sum amount of 0.15 euro per kilometre with the actual expenses in respect of the distance exceeding 100 kilometres. As far as bicycle or speed pedelec commuting is concerned, the lump sum amount is equal to 0.23 euro per kilometre.

Besides commuting expenses, actual expenses can cover, among other things:

- expenses relating to real estate or parts thereof used for a commercial or professional activity: shop premises, offices of a notary, lawyer, doctor, insurance agent, etc.;
- insurance premiums, commissions, brokerage expenses, advertising expenses, training costs, etc.;
- additional insurance contributions in respect of disablement resulting from sickness or invalidity;
- personnel costs;
- remunerations paid to the assisting spouse (without own social status);
- depreciation of property used for a professional activity (24);
- levies and taxes which don't directly relate to taxable income: road tax, local taxes and indirect taxes, including increases and default interest;
- interest on loans contracted with third parties and engaged in the enterprise;
- sums actually paid out to collective day care facilities by a taxpayer receiving profits (i.e. a merchant or a person practising a liberal profession) (25).

Are not deductible:

- personal expenses;
- fines and penalties;
- expenses exceeding the professional requirements to an unreasonable extent;
- expenses relating to clothing, with the exception of special professional clothing;
- 31% of restaurant expenses;
- 50% of entertainment allowances and business gifts;

---

24 The way depreciation is taken into account by the tax law will receive ample treatment in chapter 3 (Provisions common to PIT and CIT). See page 133.

25 In fact it concerns expenses paid for ‘enterprise crèches’. This regulation also applies to companies and is detailed in Chapter 3, page 143.
travel expenses other than those relating to commuting: 25% of professional car expenses (including losses on those vehicles);
- the PIT as well as deductible withholding taxes and advance payments (AP) related thereto, payable to the State and to the municipalities and the “agglomération bruxelloise/Brusselse agglomeratie” (urban area of Brussels);
- interest paid on loans contracted with third parties by company managers with a view to the subscription to shares in the share capital of a company from which they receive remunerations in the course of the taxable period.

**LUMP SUM EXPENSES**

For certain categories of earned income, the law provides **lump sum expenses** which substitute actual expenses, unless the latter are higher.

The basis for calculation of the lump sum expenses is the gross taxable amount, less social security contributions and contributions assimilated thereto (26).

For directors, the lump sum deduction is set at 3% of the basis of calculation, with a maximum of 2,440 euro.

For remunerations paid to the assisting spouse, the lump sum deduction is set at 5% of the basis of calculation, with a maximum of 4,060 euro.

The same 4,060 euro limit applies to the lump sum expenses which may be awarded to members of a liberal profession (27); lump sum expenses for employees are limited to 4,320 euro. These are calculated according to the scale below.

### Table 1.4

**Lump sum professional expenses for employees**

<table>
<thead>
<tr>
<th>Basis of calculation in euro</th>
<th>Professional expenses</th>
<th>lower limit</th>
<th>above the limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>8,620</td>
<td>0</td>
<td>30%</td>
</tr>
<tr>
<td>8,620</td>
<td>20,360</td>
<td>2,586.00</td>
<td>11%</td>
</tr>
<tr>
<td>20,360 and more</td>
<td>3,877.40</td>
<td></td>
<td>3%</td>
</tr>
</tbody>
</table>

An additional deduction for lump sum expenses can be granted to employees when the distance between their home and their work is at least 75 km.

### Table 1.5

**Lump sum professional expenses for members of a liberal profession**

<table>
<thead>
<tr>
<th>Basis of calculation in euro</th>
<th>Professional expenses</th>
<th>lower limit</th>
<th>above the limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>5,870</td>
<td>0</td>
<td>28.70%</td>
</tr>
<tr>
<td>5,870</td>
<td>11,670</td>
<td>1,684.69</td>
<td>10%</td>
</tr>
<tr>
<td>11,670</td>
<td>19,420</td>
<td>2,264.69</td>
<td>5%</td>
</tr>
<tr>
<td>19,420 and more</td>
<td>2,652.19</td>
<td></td>
<td>3%</td>
</tr>
</tbody>
</table>

26 That is to say the deductible part of contributions to recognised mutual insurance companies; see above, page 42.

27 For members of a liberal profession, this maximum is reached at a basis of calculation of 66,347 euro. For employees, this maximum is reached at a basis of calculation of 35,113.33 euro.
Table 1.6
Additional professional lump sum expenses

<table>
<thead>
<tr>
<th>Distance between home and work</th>
<th>Additional fixed amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>75 km</td>
<td>100 km</td>
</tr>
<tr>
<td>101 km</td>
<td>125 km</td>
</tr>
<tr>
<td>126 km</td>
<td>and more</td>
</tr>
<tr>
<td></td>
<td>75</td>
</tr>
<tr>
<td></td>
<td>125</td>
</tr>
<tr>
<td></td>
<td>175</td>
</tr>
</tbody>
</table>

DEDUCTION OF EXPENSES

Where the taxable earned income includes separately taxable income (STI) (28), professional expenses are deducted as follows:

- in proportion to the aggregate taxable income and separately taxable income, in the case of lump sum expenses,
- preferentially on aggregate taxable income, in the case of actual expenses.

D. Economic exemptions

The following can then be deducted from profits after expenses by virtue of tax provisions in favour of investment and employment:

- tax exemption for additional staff appointed to a managing function in the “Export” department or in the “Total quality management” department;
- tax exemption for additional staff in small and medium sized companies;
- investment deduction;
- trainer’s bonus.

Taxpayers declaring proceeds are only eligible for the investment deduction, the tax exemption in respect of additional staff taken on in small and medium sized companies and the exemption under the trainer’s bonus system.

These measures are common to PIT and CIT. They are described in Chapter 3.

Taxpayers declaring profits and proceeds are eligible for a tax credit if they have increased the “own assets” engaged in their company. This is explained in Section 1.4.9.3 (29).

---

28 For example arrears, termination compensation and certain capital gains.
29 See page 89.
E. **Deduction of losses**

**LOSSES INCURRED IN THE CURRENT TAXABLE PERIOD**

The losses a taxpayer incurs in the course of a taxable period in the framework of one professional activity are set off against the profits the same taxpayer realises in the same taxable period in the framework of another activity. The losses are first deducted from the aggregate taxable income, the remainder then being deducted proportionally from the different kinds of separately taxable income.

**LOSSES INCURRED IN PREVIOUS TAXABLE PERIODS**

Losses incurred by a taxpayer in the course of previous taxable periods can be set off by him against profits from subsequent taxable periods with no time limit.

F. **Allocation of the assisting spouse quota and the marital quotient**

**ASSISTING SPOUSE QUOTA**

A self-employed taxpayer (trader or member of a liberal profession) who actually receives assistance from his/her spouse can allocate a portion of his/her net income to the spouse.

This allocation is only allowed where the spouse who is to receive the quota has not earned a professional income amounting to more than 13,620 euro (after deduction of expenses and losses) from a separate activity.

This quota **constitutes** for the recipient a **source of earned income** from independent activity from which can be deducted **any recoverable losses** which were not deductible from his/her other own income.

**MARITAL QUOTIENT**

The marital quotient can be awarded when the earned income of one of the spouses does not exceed 30% of the couple’s total earned income.

The amount then allocated is set at 30% of the total net earned income, **less the own income of the spouse enjoying the quotient**. It cannot exceed 10,490 euro.

The spouse who receives the marital quotient can deduct from the amount received the **recoverable losses** which could not be deducted from his/her other own income.
QUALIFICATION OF THE ALLOCATED INCOME

The original qualification subsists and the assisting spouse quota and marital quotient are allocated proportionally to the different categories of income received by the allocating spouse. Where only one of the spouses enjoys an income, income allocated in application of the marital quotient is deemed to be earned income if that spouse is a wage-earner and is deemed to be a pension if the spouse concerned is a pensioner.

G. Compensation for losses between spouses

Where the income of one of the spouses is negative, the loss can be deducted from the income of the other spouse, after taking into account all the deductions to which the latter is entitled. The amount of the transferable losses cannot exceed the income of the spouse to whose income the deduction applies.
### 1.3. Expenses entitling to a tax relief

**Table 1.7**

<table>
<thead>
<tr>
<th>Tax credits which remain a federal competence</th>
<th>Tax credits transferred to the Regions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Flemish Region</td>
</tr>
<tr>
<td>Long-term savings</td>
<td></td>
</tr>
<tr>
<td>Pension savings scheme</td>
<td>X</td>
</tr>
<tr>
<td>Personal premiums for group insurance contracts and pension funds</td>
<td>X</td>
</tr>
<tr>
<td>Acquisition of employers’ shares</td>
<td>X</td>
</tr>
<tr>
<td>Individual life insurance premiums not related to real estate</td>
<td>X</td>
</tr>
<tr>
<td>Real estate</td>
<td></td>
</tr>
<tr>
<td>Expenses for another dwelling than the own dwelling house:</td>
<td>X</td>
</tr>
<tr>
<td>Federal tax credit for long-term savings (individual life insurance premiums + capital repayments)</td>
<td></td>
</tr>
<tr>
<td>Expenses for acquiring or maintaining the own dwelling house:</td>
<td></td>
</tr>
<tr>
<td>– housing bonus (with regional variants)</td>
<td></td>
</tr>
<tr>
<td>– regional tax credit for long-term savings (loans and agreements which do not meet the conditions giving entitlement to the housing bonus) (*)</td>
<td>Integrated housing bonus</td>
</tr>
<tr>
<td>Expenses for renovating low-rent dwelling houses (**)</td>
<td>X</td>
</tr>
<tr>
<td>Classified monuments and sites</td>
<td>X</td>
</tr>
<tr>
<td>Zones of ‘positive metropolitan policy’ (***</td>
<td>X</td>
</tr>
</tbody>
</table>
### Part I : Direct taxation

**Personal income tax**

**income year 2017**

<table>
<thead>
<tr>
<th>Regional tax credit for additional interest, regional tax credit for “housing-savings” (**”), regional tax credit for interest relating to the conversion of the old creditable withholding tax on real estate.</th>
<th>X</th>
<th>X</th>
</tr>
</thead>
</table>

### Environment

<table>
<thead>
<tr>
<th>Roof insulation - dwelling houses of at least five years</th>
<th>Abolished as from tax year 2018, but transitional measure</th>
<th>X</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax credit for passive, low-energy and zero-energy houses</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Interest related to “green” loans</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Electric vehicles</td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

### Other expenses

<table>
<thead>
<tr>
<th>Gifts</th>
<th>X</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child care expenses</td>
<td>X</td>
</tr>
<tr>
<td>Remunerations domestic workers</td>
<td>X</td>
</tr>
<tr>
<td>Shares of recognised development funds</td>
<td>X</td>
</tr>
<tr>
<td>LEA vouchers and service vouchers (with regional variants)</td>
<td>X</td>
</tr>
</tbody>
</table>

(*) Regional tax credit for long-term savings in the Flemish Region: mortgage loans contracted before 2016 and related life insurances.

(**) Expenses for renovating low-rent dwelling houses in the Brussels-Capital Region: as regards expenses made before 1 January 2016, the tax credit is still granted for the remaining part of the 9-year period.

(***) Zones of ‘positive metropolitan policy’: as the royal decree determining the zones of ‘positive metropolitan policy’ has not been renewed, the tax credit may no longer apply in practice.

(****) Regional tax credit for “housing-savings”: for loans contracted as from 2015, only applicable in the Walloon Region and in the Brussels-Capital Region. In the Brussels-Capital Region, housing-savings and long-term savings are still possible for loans contracted in 2015 or 2016.
Certain expenses entitle to a tax relief (30). As already mentioned at the beginning of this chapter, the Regions are now exclusively competent for granting certain tax advantages. The distribution is given in Table 1.7. As a result, expenses for which the tax advantage is granted by the federal authority and those for which the tax advantage is granted by the Regions are described separately.

However, we start with a specific section about the tax system applicable to mortgage loans. In this section, there will be explicitly mentioned what remains a federal competence and what has been transferred to the Regions, with a distinction between the own dwelling house and other real estate.

The tax credits which remain granted by the federal authority after the implementation of the Special Finance Act are secondly dealt with. Those tax credits, which remain a federal competence, are divided into three categories: long-term savings, environment and other expenses for which tax advantages are granted at federal level.

Thirdly, the tax advantages transferred to the Regions as a result of their increased competences under the Sixth State Reform, are considered. For those competences, three categories have been established: real estate, environment and other expenses for which tax advantages are granted at regional level.

Finally, the existing regional provisions are described, exclusive transfer from the federal State to the Regions: win-win loan and renovation agreements in the Flemish Region, “Coup de Pouce” loan in the Walloon Region.

The terms and conditions for the granting of the tax advantages are described here.

1.3.1. Investment in real property

Expenses relating to investment in real property include capital repayments of mortgage loans, interest payments and individual life insurance premiums.

As far as mortgage loans are concerned, there have been several successive systems; the matter may thus seem particularly complex. The regionalisation of tax incentives regarding the own dwelling house increased this complexity by creating numerous different tax systems.

The historical overview of the tax systems applicable according to the date on which the loan has been raised (only the case of one loan raised for the dwelling house is considered) is available in the previous editions of the Tax Survey (31). The essential distinction relates to whether the loan concerns the taxpayer’s own dwelling house or not on the date interest, amounts used for the repayment or the reinstatement of the mortgage loan and life insurance premiums have been paid (32).

---

30 As a reminder, during tax year 2013, some tax advantages, which were previously considered as deductible expenses, were converted into tax credits. It concerns gifts, child care expenses, expenses for domestic workers and expenses relating to the maintenance and restoration of classified monuments and sites. Two single rates had also been set for the tax credit: 45% (gifts and child care expenses) and 30% (domestic workers and classified monuments).

31 The previous editions of the Tax Survey are available on the website of the FPS Finance: https://finance.belgium.be/en/figures_and_analysis/analysis/tax_survey

32 For further information about those different tax systems, see circular AGFisc/AAFisc 6/2015 (Ci.RH.331/633.998) of 3 February 2015. For the tax consequences of a mortgage transfer, see circular AGFisc/AAFisc 1/2015 (Ci.RH.331/635.143) of 12 January 2015. For the concept of “own dwelling house” according to the new Special Finance Act and the change from the monthly to the daily assessment as regards the own dwelling house, cf. the section relating to income from immovable property, p. 28.
The regional housing bonus applies to interest on loans, capital repayments or life insurance premiums assigned to the reinstatement of the mortgage loans and outstanding balance insurance premiums (although the latter is no longer compulsory).

As Regions wished to exercise their new competence resulting from the “new Special Finance Act” as regards real estate taxation, numerous changes occurred during the last years: first in the Flemish Region with the integrated housing bonus and in the Walloon Region with the “Chèque-Habitat” system, then, more recently, in the Brussels-Capital Region with the abolishment of the housing bonus.

Considering the important variants, expenses relating to the own dwelling house are detailed hereafter per region.

In the Brussels-Capital Region

In the Brussels-Capital Region, the housing bonus system has been abolished. However, as from 1 January 2017, the taxpayer can benefit an increased abatement under the right of sale.

In the Walloon Region

In the Walloon Region, as far as loans raised until 31 December 2015 are concerned, the existing tax advantages remain applicable. However, the maximum amounts in force in the context of these tax advantages are no longer indexed, but they are maintained at their level on 1 January 2015.

- For 2016 income, the basic amount is equal to 2,290 euro (33). It remains acquired to the taxpayer whatever changes in his real estate holdings may be after 31 December of the year in which the loan contract was entered into.

- This amount is increased during the first ten years of the loan contract. This increase amounts to 760 euro.

- The basic amount is also increased where at least three children are dependent on the taxpayer on 1 January of the year following the year in which the loan contract was entered into. This increase amounts to 80 euro.

These increases no longer apply as from the taxable period during which the taxpayer becomes owner, occupier, emphyteutic lessee, superficiary owner or usufructuary of a second dwelling.

The increases are then definitively lost.

The tax credit granted amounts to 40% in the Walloon Region.

---

33 It must be noted that the amounts of the federal housing bonus (transitional measures) have been frozen up to the amounts for tax year 2014, i.e. 2,260 euro, 750 euro and 80 euro.
The “Chèque-Habitat” system replaces the housing bonus system

Mortgage loans raised as from 1 January 2016 to acquire the single own dwelling house entitle to the “Chèque-Habitat” tax credit (34).

Granting conditions of the “Chèque-Habitat”

It must concern the acquisition of the property of the single own dwelling house and the dwelling house must be located in the EEA. The condition relating to the single dwelling house occupied by the taxpayer himself must be fulfilled on 31 December of the year in which the loan has been raised (31 December 2017 in the present case) (35).

As regards mortgage repayments:
− the mortgage loan must have a minimum duration of ten years;
− it must have been raised with an institution located in the EEA.

As regards individual life insurance contracts:
− where it includes a life bonus, the contract must have a minimum duration of ten years;
− the contract must be concluded with an institution located in the EEA.

General principles of the “Chèque-Habitat” system

The basic amount of the tax credit depends on the taxpayer’s net taxable income.

Where the net taxable income does not exceed 21,347 euro, the basic amount of the “Chèque-Habitat” amounts to 1,520 euro.

Where the net taxable income ranges between 21,347 and 82,339 euro, the difference between the income and 21,347 euro is multiplied by 1.275%. In this case, the basic amount of the tax credit amounts to 1,520 euro – the result of the multiplying operation.

Where the net taxable income exceeds 82,339 euro, the basic amount of the tax credit is reduced to nil.

The basic amount of the tax credit is increased by 125 euro for each dependent child on 1 January of the tax year. A disabled child counts for two. However, the increase for dependent children is not granted where the taxpayer’s net taxable income exceeds 82,339 euro.

The amount of the tax credit has been halved as from the 11th taxable period.

The part of the tax credit which cannot be set off is converted into a regional refundable tax credit.

The tax credit is granted as from the tax year relating to the taxable period in which the loan has been raised, and during 20 tax years.

---


35 Dwellings of which the taxpayer is co-owner, bare owner or usufructuary by inheritance, are not taken into account.
Part I: Direct taxation

In the Flemish Region

A distinction is made between contracts for which the authentic deed was passed at the latest on 31 December 2014, ‘new’ contracts for which the authentic deed was passed in 2015 and mortgage loans raised as from 1 January 2016.

**Authentic mortgage deeds passed at the latest on 31 December 2014**

Since tax year 2016, the maximum amounts for the housing bonus are no longer indexed.

- the basic amount is 2,280 euro per taxpayer and per taxable period.
- the increase for the first 10 taxable periods amounts to 760 euro.
- a second increase amounting to 80 euro applies where the taxpayer has at least three dependent children on 1 January of the year following the year in which the loan agreement has been concluded.
- the tax credit is still calculated at the marginal rate (minimum 30%).

**Authentic mortgage deeds passed in 2015**

If the expenses relate to a mortgage deed passed as from 1 January 2015:

- the basic amount, per taxpayer and per taxable period, is reduced to 1,520 euro.
- this amount is still increased by 760 euro (during the first 10 taxable periods). It is also increased by 80 euro where the taxpayer has at least three dependent children on 1 January of the year following the year in which the loan agreement has been concluded.

These maximum amounts are not indexed and the tax credit is calculated at a 40% tax rate.

The system also applies if the loan has been repurchased as from 1 January 2015 under an existing credit line.

If a loan has been raised to replace an existing loan, the date of the initial loan is taken into consideration. If this date is before 1 January 2015, the old system remains applicable. The loan can be refinanced with any institution established in the EEA.

**Integrated housing bonus - mortgage loans raised as from 1 January 2016 (and related life insurances)**

The three systems relating to tax credits for the own dwelling house – i.e. regional housing bonus, tax credit for long-term savings and tax credit for standard interest – have been grouped together in one system: the integrated housing bonus (36).

The integrated housing bonus tax system applies to all own dwelling houses, irrespective of whether it concerns the taxpayer’s single dwelling house.

However, if the own dwelling house is also the taxpayer’s single dwelling house, the maximum amount of the expenses entitling to the tax credit is increased. The maximum amount of 1,520 euro is increased by 760 euro if the dwelling house is the taxpayer’s single dwelling house on 31 December 2016.

Part I: Direct taxation

The Tax Survey should not be considered as an administrative circular, no rights can be founded on it.

January 2018 issue.

of the year in which the loan was raised. This amounts is further increased by 80 euro if the taxpayer
has at least three dependent children on 1 January of the year following the taxable period in which
the loan was raised.

The housing bonus system which applied before those changes still applies in the Flemish Region to
loans raised before 2016 (37).

The taxpayer who requests the application of the integrated housing bonus for a loan raised as from
1 January 2016 cannot combine this system with the previous tax advantages for a still outstanding
loan raised before 2016.

As regards mortgage repayments under the integrated housing bonus system:
− the loan must have been raised as from 2016 and be secured by a mortgage (a mortgage
mandate is not enough);
− the mortgage loan must have a minimum duration of ten years and must have been
raised with an institution located in the EEA;
− the mortgage loan must have been specifically raised to acquire or maintain a dwelling
house located in a Member State of the European Economic Area.

As regards individual life insurance contracts:
− the contract must have been signed by the taxpayer before the age of 65,
− where it includes a life bonus, the contract must have a minimum duration of ten years,
− the bonuses must be stipulated: in the event of life, in favour of the taxpayer; in the event
of death, in favour of the person who acquires the full property or usufruct;
− the contract must be concluded with an institution located in the EEA.

Under the integrated housing bonus system, the life insurance must not exclusively be used for
the reinstatement or the securing of the mortgage loan. The contributions entitle therefore to the
integrated housing bonus in proportion to the part of the mortgage loan in the total amount of the
loan.

MAIN CONDITIONS TAX CREDIT FOR LONG-TERM SAVINGS

As regards mortgage repayments:
− the loan must have been raised with an institution located in the EEA.
− the loan must have a minimum duration of ten years.

As regards individual life insurance contracts:
− the contract must have been signed by the taxpayer before the age of 65,
− where it includes a life bonus, the contract must have a minimum duration of 10 years,
− the bonuses must be stipulated: in the event of life, in favour of the taxpayer; in the event
of death, in favour of the spouse or relatives up to the second degree. When the life
insurance contract is assigned to the reinstatement or securing of a mortgage loan, the bonuses must be stipulated, in the event of death, in favour of the person who acquires the full property or usufruct of the dwelling, up to the insured amount used to reinstate or secure the loan;

- the contract must be concluded with an institution located in the EEA.

The amount of capital repayments and life insurance premiums entitling to the tax credit is **limited for each spouse**:

- to 15% of the first bracket of 1,880 euro (federal upper limit) / 1,900 euro (regional upper limit – Flemish Region), 1,910 euro (regional upper limit – Walloon Region) / 1,960 euro (regional upper limit – Brussels-Capital Region) (38) of earned income, and to 6% beyond, exclusive separately taxable income;

- with a maximum of 2,260 euro (federal upper limit) / 2,280 euro (regional upper limit – Flemish Region) / 2,290 euro (regional upper limit – Walloon Region) / 2,350 euro (regional upper limit Brussels-Capital Region).

This limit applies to the combined life insurance premiums and mortgage capital repayments, minus the premiums and the repayments benefiting the regional tax credit for single dwelling limited to the basic amount.

In the case of concurrence between the federal tax credit and the regional tax credit, the maximum amount applies to both tax credits together but priority goes to expenses entitling to the regional tax credit.

In the Flemish Region, the tax credit for long-term savings has been abolished for loans raised as from 2016.

### MAIN CONDITIONS INCREASED TAX CREDIT “HOUSING SAVINGS”

However, life insurance premiums may entitle to the **increased tax credit for “housing savings”**, which is granted at the marginal rate, if the following conditions are met:

- the life insurance is assigned exclusively to the reinstatement or securing of a mortgage loan;

- that mortgage loan was contracted with a view to acquiring, constructing or renovating the dwelling house which was the taxpayer’s single dwelling house on the date the contract was entered into.

The increased tax credit for “housing savings” only applies to mortgage loans raised before 1 January 2005.

The tax credit for “housing savings” is only granted within the limits of a first bracket, computed on a basic amount detailed in Table 1.8, increased by 5, 10, 20 or 30%, depending on the number (1, 2, 3 or more than 3) of the taxpayer’s dependent children on 1 January of the year which follows the year in which the life insurance contract was taken out.

---

38 From tax year 2015 to tax year 2018, the federal upper limits have been frozen up to the amounts for tax year 2014. In the Flemish Region, the amounts have been frozen up to the amounts for tax year 2015. In the Walloon Region, the amounts have been frozen up to the amounts for tax year 2016.
Table 1.8

<table>
<thead>
<tr>
<th>Year in which the insurance contract was taken out</th>
<th>Basic amount of loan entitling to the tax credit for “housing savings”</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993 to 1998</td>
<td>54,536.58</td>
</tr>
<tr>
<td>1999</td>
<td>55,057.15</td>
</tr>
<tr>
<td>2000</td>
<td>55,652.10</td>
</tr>
<tr>
<td>2001</td>
<td>57,570.00</td>
</tr>
<tr>
<td>2002</td>
<td>58,990.00</td>
</tr>
<tr>
<td>2003</td>
<td>59,960.00</td>
</tr>
<tr>
<td>2004</td>
<td>60,910.00</td>
</tr>
</tbody>
</table>

1.3.2. **Tax credits for which the federal authority remains competent**

In principle, the federal tax credits are set off against the reduced State tax, increased by the tax on the “movable property income box”. They are only set off against the tax on aggregated taxed income.

1.3.2.1. **Long-term savings**

**A. Pension savings scheme**

Any taxpayer can join a pension savings scheme, using one of the following formulas. Whatever the formula, the deposits must be made in a Member State of the European Economic Area and the instalments must be final.

- The plan participant opens an **individual savings account** with a financial institution. He may either adopt a self-administered approach or authorise the trust in writing to manage the funds in his name. In practise, this formula is rarely used, due on the one hand, to the smallness of the amounts and, on the other hand, to the high costs attached to the purchasing and managing of small portfolios.

- The plan participant opens a **collective savings account** with a financial institution, but the assets are pooled and managed by the trust according to the investment regulations established by law, in a pension fund specially designed for that purpose.

- The plan participant subscribes a **savings insurance** with an insurance company in order to build up a pension, annuities or a capital to be paid on death or on survival.

The amount taken into account for the tax credit cannot exceed 940 euro per taxable period and per taxpayer.

The following conditions shall be fulfilled:

- The savings account or savings insurance shall have been subscribed by an inhabitant of a Member State of the European Economic Area, aged 18 or over, but less than 65, for a duration of ten years at least.

- At the subscription of the insurance, it shall be stipulated that the benefits of the insurance will be paid:
  - to the plan participant himself, in the event of life;
- to the plan participant’s spouse or to relatives up to the second degree, in the event of death (39).

- Where in the same taxable period the plan participant made payments to several savings accounts or savings insurances, the tax credit is only granted for the payments relating to only one account (savings account or savings insurance). The plan participant is only allowed to open one savings account or savings insurance in the same taxable period.

The tax credit amounts to 30% of the expenses actually paid. Where a tax credit for a pension savings scheme is granted, no tax credit is available for the purchase of employer’s shares.

Granting a tax advantage where premiums are paid, leads to the taxation of the received amounts on the date of termination of the contract. The capital liquidated at the termination of the pension savings scheme is liable to an advanced taxation. This advanced taxation, also called “taxation on long-term savings”, is a tax issued from the Code of Miscellaneous Fees and Taxes (indirect tax); it supersedes PIT. Inasmuch as the tax has been paid, the theoretical capital is not liable to PIT (40). This advanced taxation was itself partially “advanced” in 2012 by the levy of a single tax of 6.5% on pension savings scheme on reserves built up via the premiums paid before 1 January 1993. Changes in the advanced taxation on long-term savings, i.e. decrease in the global rate from 10% to 8% and advanced levy amounting to 1% of this taxation in the years 2015 to 2019 included, entered into force on 1 January 2015.

Combining a tax advantage granted where premiums or contributions are paid, with a taxation upon withdrawal, i.e. where the capital or the annuity are paid out, applicable to pension savings schemes, is also possible for individual life insurances.

B. GROUP INSURANCE AND PENSION FUNDS

A group insurance is a contract between an employer or a group of employers and an insurance company with a view to providing additional retirement benefits to all or part of the employees. Group insurances are subject to rules providing for conditions of joining, rights and duties of the employees, rights and duties of the employers.

The financing is secured from two kinds of contributions:

- employer’s contributions, paid by the employer,
- employees’ contributions, withheld at source from salaries by the employer.

**Employer’s contributions** to a group insurance are deductible for the employer to the extent that the benefits they provide, added to the statutory and extra-statutory pensions, do not exceed 80% of the last regular gross annual salary.

**Personal employee’s contributions** are taken into account for a tax credit inasmuch as the following conditions are fulfilled:

- they are personal contributions to an additional assurance against old age and premature death;
- they are made under a contract assuring a capital or an annuity on death or on survival;
- they are withheld on salaries by the employer;

---

39 From 2005 on, where savings-insurance contracts are used for the reinstatement or the securing of a mortgage loan, it shall be stipulated that, in the event of death, the advantages are to be paid out to the persons acquiring full ownership or the usufruct of the dwelling concerned, up to the amount which has been secured or amortised in favour of the creditor.

40 See Part II, Chapter 4, page 244.
Part I: Direct taxation

Personal income tax
income year 2017

- they are paid to an insurance company, a provident institution or an institution for occupational retirement provision established in a Member State of the European Economic Area, and the payment is a final one;
- they meet the “80% of last gross yearly salary” condition.

This tax credit amounts to 30% of the expenses actually paid. There is also taxation of the received amounts on the date of termination of the contract (41).

These types of long-term savings (second or third pillars) are also submitted to some taxation payable by insurance companies or pension funds. However, this matter will not be dealt with because the policyholder is not directly concerned.

C. PURCHASE OF EMPLOYERS’ SHARES

The purchase of shares in a company established in the EEA by which the taxpayer is employed as worker or of which the company employing the taxpayer is a subsidiary or sub-subsidiary, entitles to a tax credit amounting to 30% of the expenses actually paid, only if the following conditions are all met:
- the taxpayer must be a salary or wage earner in the company or in a subsidiary or a sub-subsidiary thereof;
- the shares must be subscribed to at the time the company is constituted or when there is an increase in the company's capital;
- supporting documents establishing the purchase of the shares by the taxpayer and his still holding them at the end of the taxable period must be enclosed with the return.

The deductible amount is set at 750 euro for each spouse fulfilling these conditions. This deduction cannot be cumulated (42) with the tax credit for pension savings schemes.

The taxpayer must keep the shares in his possession for at least 5 years, except in the case of death. If the shares are transferred within 5 years, the tax credit granted is revoked, by means of a federal tax increase, up to as many sixtieths of the initial tax credit as the number of full missing months until the expiry of the 5-year period (i.e. 60 months).

D. INDIVIDUAL LIFE INSURANCE

Individual life insurance contracts which are not used for the reinstatement of a mortgage loan, also entitle to a federal tax credit for long-term savings.
**Part I : Direct taxation**

**Personal income tax**

**income year 2017**

1.3.2.2. **Environment**

A. **HOUSES WITH LOW-ENERGY CONSUMPTION – TRANSITIONAL SYSTEM**

The tax credits for passive houses, low-energy houses and zero-energy houses have been abolished since tax year 2013.

Nevertheless, a transitional system had been provided for: the "low-energy house", "passive house" or "zero-energy house" certificates for which an application was submitted on 31 December 2011 at the latest and that were delivered on 29 February 2012 at the latest, were considered as certificates issued on 31 December 2011.

However, a judgment of the Constitutional Court (43) stated that the compulsory holding of a certificate of compliance for the application of the transitional measure, is discriminatory. As a result of this judgment, the tax credits for low-energy houses, passive houses and zero-energy houses are still granted to the taxpayers who are able to prove that they contractually committed themselves before 1 January 2012 to acquiring such a dwelling.

As a reminder, the tax credit for houses with low-energy consumption is granted for ten subsequent tax periods.

Under joint taxation, the tax credit is granted proportionately depending on each spouse’s taxable income in comparison to the sum of both spouses’ aggregated taxable income.

B. **“GREEN” LOANS**

Interest paid on “green” loans also entitles to a tax credit.

It concerns loans raised between 1 January 2009 and 31 December 2011 in order to finance expenses which entitled at that time to the tax credit for energy-saving investments.

The tax credit amounts to 30% of the interest actually paid after deduction of the State intervention as an interest rate subsidy.

The tax credit is not granted for interest considered as actual professional expenses or for which another loan-related tax advantage, regional tax credit or regional refundable tax credit has been claimed.

C. **ELECTRIC VEHICLES**

A tax credit is granted for expenses to acquire a vehicle with 2, 3 or 4 wheels, exclusively powered by an electric motor and suitable for the transport of two persons at least. The acquisition should concern a new vehicle.

The tax credit amounts to 15% of the purchase price with a maximum of:

- 4,940 euro for quadricycles;
- 3,010 euro for motorcycles or tricycles.

Under joint taxation, the tax credit is granted proportionately to the part of each of the spouses in both spouses’ aggregated taxable income.

1.3.2.3. Other expenses entitling to federal tax incentives

A. Child care expenses

A 45% tax credit is granted for child care expenses, provided the following conditions are met:

– the taxpayer or his/her spouse must have received earned income: salaries, profits, proceeds, etc., including replacement income (pensions, unemployment benefits, etc.);
– the child must be dependent on the taxpayer (44) and must be less than 12 years old. This age limit is brought to 18 years old for severely handicapped children (45).
– the child care expenses must have been paid, either to institutions or facilities recognised by local public authorities (Regions or Communities), to nursery schools or elementary schools located in the European Economic Area or to associations linked to them. The first case refers to child care facilities, i.e. notably institutions or host families authorised, recognised, subsidised or controlled by the “Office de la Naissance et de l’Enfance”, by “Kind en Gezin”, by the local authorities (Regions or Communities) or by foreign public institutions located in another Member State of the European Economic Area. The second case refers to schools but also to associations linked to them and their competent authority (municipal authority or school board).

“Recognised institutions” not longer refers exclusively to day nurseries. It also refers to other facilities (playgrounds organised by the municipalities, holiday camps organised by youth organisations or residential schools). Child care expenses paid to institutions located in a country of the European Economic Area also entitle to the tax credit.

– the amount of these expenses must be established by supporting documents kept at the disposal of the tax office.

The amount entitling possibly to a tax credit is the daily rate actually paid and is limited to 11.20 euro per day of care and per child.

Under joint taxation, the tax credit is granted proportionately to each of the spouses’ aggregated taxable income.

Additional tax credit

As from income year 2017, low-income single parents are entitled to an additional tax credit for their child care expenses. The rate is increased by 30 points; as a result, the tax credit has been increased to 75%. A phasing-out rule (progressive decrease in the additional tax credit) applies where the taxpayer’s taxable income amounts to between 15,000 euro and 19,000 euro.

The additional tax credit which the taxpayer cannot actually benefit, will be converted into a creditable and refundable tax credit. To be entitled to the additional tax credit, the taxpayer may not have already benefited the additional exempted amount for dependent child younger than three years.

44 In case of joint parenthood, each of the joint parents can deduct the personally incurred expenses.
45 The standard and increased age limits must be assessed at care time itself and not on 1 January of the tax year.
B. **ALIMONY PAYMENTS**

Under the new Special Finance Act, only alimony payments remain **deductible from the total net income**, provided the following conditions are met:

- the beneficiary is not a member of the taxpayer's household;
- the alimony payment is payable in pursuance of the Civil Code, the Judicial Code or the Law on legal cohabitation (46);
- the payments are made on a regular basis or, if they are made in a taxable period subsequent to the period the payment is related to, they are made in pursuance of a retroactive Court order.

The deduction is limited to 80% of the sums paid.

Alimony payments made in respect of a liability of one of the spouses are deductible from the latter's income; where it is made in respect of a joint liability of both spouses, they are deductible proportionately to their incomes.

C. **GIFTS**

A **45% tax credit** is granted for gifts made to recognised institutions (47), provided the gifts amount to at least 40 euro per beneficiary institution.

The total amount of gifts for which the tax credit is granted can exceed neither 10% of the global net income of the spouse nor 376,350 euro per spouse.

Under joint taxation, the tax credit is granted proportionately to the spouses' aggregated taxable income.

D. **WAGES OF DOMESTIC WORKERS**

A **30% tax credit** is granted for wages paid or allocated to domestic workers during the taxable period.

This tax credit is only awarded for one domestic worker, provided the following conditions are met:

- the taxpayer must be registered as an employer at the National Social Security Office;
- upon engagement, the employee must have been receiving the support income or have been receiving full unemployment benefits for 6 months at least;
- the wages must be subject to social security contributions and must exceed 3,840 euro.

The amount entitling to the tax credit is equal to 50% of the wages paid, with a maximum of 7,530 euro.

Under joint taxation, the tax credit is granted proportionately to the part of each of the spouses in both spouses' aggregated taxable income.

---

46 Alimony payments made in compliance with a foreign legal provision are dealt with in the same way as those made in compliance with a Belgian legal provision, provided those provisions are similar.

47 Similar institutions located in another Member State of the European Economic Area are also taken into account.
E. SHARES OF DEVELOPMENT FUNDS FOR MICROFINANCE

This tax credit is granted for subscriptions for registered shares issued by recognised development funds which are active in the field of microcredit.

The sums paid must amount to minimum 380 euro. The subscriber must keep the shares in his possession for at least 60 months uninterrupted, except in the case of death. If the shares are transferred, the new subscriber is not entitled to the tax credit and the former subscriber is subject to a tax increase up to as many sixtieths of the initial tax credit as the number of full missing months. Under the Special Finance Act, the federal authority remains competent for this tax increase.

The tax credit equals 5% of the sums paid with a maximum of 320 euro for 2017 income.

F. SHARES OF START-UP COMPANIES

This specific tax credit concerns natural persons who, under some conditions, directly subscribe (whether or not via a crowdfunding platform) to new shares issued by a start-up SME or to rights in a recognised starter fund or a starter private PRICAF/PRIVAK which in turn (and thus indirectly) invests the collected amounts in new shares issued by start-up SMEs. The tax credit is also granted to natural persons who subscribe, via a crowdfunding platform, to new investment vehicles issued by a financing vehicle, provided that this financing vehicle directly invests the collected amounts in new shares issued by start-up SMEs.

Those start-up SMEs must also meet a series of legal conditions (they cannot be listed, they cannot be real estate or financing companies, they cannot have distributed dividends, etc.).

However, managers are not entitled to the tax credit for shares in the company in which they are managers directly or indirectly.

The tax credit applies to new shares issued when the start-up company is set up or when there is an increase in the entirely paid-up capital during four years following the setting up of the company.

The investments are taken into consideration for the tax credit only up to 100,000 euro per person and per taxable period.

The tax credit amounts to 30% of the invested amount (45% of the invested amount for microcompanies) and applies to expenses for the acquisition of shares issued by start-up companies as from 1 July 2015. The increased rate of 45% applies in case of direct investment in a microcompany, but also in case of indirect investment, provided that the investment has been made via a financing vehicle (48).

The choice to invest directly (by acquiring shares in the start-up company) or indirectly (by acquiring shares in a recognised starter fund) has an impact on the tax year in which the tax credit has been granted.

---

48 An indirect investment via a starter fund or a starter private PRICAF/PRIVAK does not entitle to the increased rate of 45%.
Part I: Direct taxation

Take-back of tax credit

The investors must also meet the holding requirement of four subsequent taxable periods. If this holding requirement is not met, the tax credit is recalculated in proportion to the actual holding (calculation in 48th and thus per month) and the taxation relating to the taxable period in which the holding requirement has no longer been met, is increased by an equivalent amount. The take-back system also applies where the investment has been made via a starter fund or a private PRICAF/PRIVAK, in case of transfer of the shares by this financing vehicle whithin 48 months following their acquisition.

1.3.3. Regional tax credits

The regional tax credits are set off against the regional surcharges, possibly increased by the regional tax increases and reduced by the regional tax reductions. They are related to the Regions’ material competences.

1.3.3.1. Real estate

A. TAX CREDIT FOR THE SINGLE DWELLING HOUSE (REGIONAL HOUSING BONUS)

The deduction for single dwelling house has been converted into a tax credit. The Regions are now competent for the dwelling house recognised as own dwelling house on the date of payment (of life insurance premiums, interest and capital repayments for the mortgage loan).

The regional housing bonus and the related terms and conditions are described above under 1.3.1. The regional variants applicable to tax year 2018 are also described under this point.
B. EXPENSES RELATING TO THE MAINTENANCE AND RESTORATION OF CLASSIFIED MONUMENTS – ONLY IN THE FLEMISH REGION AND IN THE WALLOON REGION

As a reminder, this tax credit has been abolished in the Brussels-Capital Region as from tax year 2017.

Expenses relating to the maintenance and restoration of classified monuments entitle to a fiscal advantage in the form of a tax credit.

The tax credit amounts to 30% for expenses incurred by the owner for the maintenance or restoration of classified monuments or sites which are open to the public and not leased.

The amount to which the tax credit relates is equal to 50% of the expenses which are not covered by subventions, with maximum 39,150 euro.

Under joint taxation, the tax credit is granted proportionately to each of the spouses’ aggregated taxable income.

C. EXPENSES FOR MAKING DWELLINGS SECURE AGAINST BURGLARY AND FIRE

This tax credit has been abolished in the Flemish Region and in the Walloon Region since tax year 2016. It has also been abolished in the Brussels-Capital Region since tax year 2017.

D. EXPENSES FOR RENOVATING LOW-RENT DWELLING HOUSES – ONLY IN THE FLEMISH REGION AND IN THE WALLOON REGION

As a reminder, this tax credit has been abolished in the Brussels-Capital Region since tax year 2017 (49).

Are taken into consideration, expenses which have been actually paid during the taxable period in order to renovate a dwelling house of which the taxpayer is the owner-lessor. The building must have been rented out for nine years via a social accommodation agency.

The tax credit is granted provided the following conditions are met:
– the dwelling house must have been in use for at least 15 years,
– the total cost of the work, including VAT, must amount to minimum 11,740 euro.

The tax credit is granted during nine taxable periods and amounts to 5% of the expenses which have been actually paid during each taxable period, with a maximum amount of 1,170 euro in respect of 2017 income.

49 However, as far as the Brussels-Capital Region is concerned: for expenses made before 1 January 2016, the tax credit is still granted for the remaining part of the 9-year period.
Part I: Direct taxation

The tax credit does not apply to:
- expenses taken into consideration as professional expenses;
- expenses entitling to the investment deduction.

The tax credit cannot be granted concurrently with the following tax credits: classified monuments and sites (only in the Flemish Region and in the Walloon Region), roof insulation (only in the Flemish Region, as a transitional measure, and in the Walloon Region).

Under joint taxation, the tax credit is granted proportionately to the part of each of the spouses in both spouses’ aggregated taxable income.

1.3.3.2. Environment

Roof Insulation Expenses – Flemish Region (Transitional Measure) and Walloon Region

This tax credit has been abolished in the Brussels-Capital Region since tax year 2017.

In the Flemish Region, it has been abolished as from tax year 2018, with a transitional measure applicable to this tax year: the tax credit still exists for expenses paid in 2017, provided that the expenses are actually paid on 31 December 2017 at the latest and relate to works carried out under an agreement concluded on 31 December 2016 at the latest, for which an advance payment was made on 31 December 2016 at the latest. Also in the Flemish Region, the insulation standard has been modified for the application of the transitional measure: concerning tax year 2018, the thermal resistance (R-value) of the insulation material newly installed for roof insulation must be higher than or equal to 4.5 square meters Kelvin per watt.

The tax credit for roof insulation has been fixed at 30% of the expenses actually paid during the taxable period (50). On 31 December of the year in which the works started, the dwelling must have been occupied for at least five years. The tax credit is limited to 3,130 euro per taxable period and per dwelling.

Expenses considered as professional expenses or entitling to the investment deduction are not taken into account. The tax credit cannot be granted concurrently with the following tax credits: expenses for renovation of low-rent dwelling houses (only in the Flemish Region and in the Walloon Region), classified monuments and sites (only in the Flemish Region and in the Walloon Region).

The expenses are apportioned between the spouses depending on each spouse’s aggregated taxable income in comparison to the sum of both spouses’ aggregated taxable income.

50 Expenses paid by another person than the taxpayer himself (who requests the tax advantage) are also taken into consideration. This also applies to the other tax credits mentioned in the circular. Cf. circular Ci.RH.331/635.466 dd. 29 January 2016.
1.3.3.3. Other expenses entitling to regional tax advantages

LEA VOUCHERS AND SERVICE VOUCHERS

The amounts paid out to local employment agencies (LEA) upon the acquisition and use of LEA vouchers are entitled to a tax credit at the 30% rate in the Flemish Region and in the Walloon Region / 15% in the Brussels-Capital Region.

The conditions to be met are the following:

- the expense is made outside the context of any business activity;
- the expense is made to a local employment agency for work carried out by a person with a LEA contract;
- the taxpayer, as documentary evidence, encloses with his income tax return the certificate referred to in the regulations concerning the LEAs delivered by the issuer of the LEA vouchers.

The amounts spent for services paid with other service vouchers than social service vouchers also entitle to a tax credit at a 30% rate in the Flemish Region and in the Walloon Region / 15% in the Brussels-Capital Region. Service vouchers are acquired by natural persons wishing to appeal to community services (household work and some activities outside the user’s place of residence, such as accompanied transport for elderly persons or for persons with reduced mobility, or some daily shopping), but not within the framework of a professional activity. These vouchers are issued by companies recognised by the Belgian National Employment Service. The (private) person having acquired the vouchers then enters into a contract with one of those recognised companies and uses the vouchers to pay for the services performed.

These expenses entitle to a tax credit up to the nominal value of the LEA vouchers and service vouchers issued in the taxpayer’s name and purchased from the issuer in 2017; where appropriate that amount must be diminished by the nominal value of the LEA vouchers returned to the issuer in the course of the same year.

Per taxpayer, the allowed expenses may not exceed 1,440 euro per year for expenses incurred in 2017.

The portion of the tax credit for service vouchers which cannot be set off against the regional surcharges and the regional tax increases or against the federal PIT balance, is converted into a refundable regional tax credit (51). This only applies to taxpayers whose taxable income – with the exception of separately taxed income – does not exceed 27,030 euro. In the Brussels-Capital Region, this maximum amount of income has been abolished as from tax year 2018.

Under joint taxation, the tax credit for LEA vouchers and service vouchers is granted proportionately to the part of each of the spouses in both spouses’ aggregated taxable income.

Tax credit for service vouchers in the Walloon Region

Since tax year 2016, the tax advantage relating to service vouchers has been limited in the Walloon Region by changing the calculation method of the amount of the expenses which can be taken into consideration for this tax credit. In short, the tax credit for service vouchers is now only

51 However, the conversion into a refundable tax credit does not apply to the taxpayers whose earned income has been exempted by convention and is not taken into account for the calculation of the tax levied on the other income.
Part I: Direct taxation

1.3.4. Regional provisions exclusive those resulting from the transfer of tax advantages from the federal authority to the Regions

A. Refundable tax credit for win-win loan (Flemish Region)

This tax advantage applies to loans granted by natural persons to small companies.

The borrower shall be a micro-, small or medium-sized enterprise as defined in the European Recommendation (54). Are concerned enterprises which:

- employ fewer than 250 persons;
- do not exceed one of the following limits: an annual turnover of 50 million euro or an annual balance sheet total of 43 million euro;
- meet the independence criterion.

The enterprise shall be led either by a self-employed worker or by a legal entity. The win-win loan system can also apply to loans granted to cooperative companies.

One of the borrower’s places of business shall be located in the Flemish Region and shall have been registered with the Crossroads Bank for Enterprises or with a social security institution for self-employed workers where registration with the Crossroads Bank for Enterprises is not compulsory.

The borrowed funds shall be used for performing the professional activity of the enterprise.

The borrower can borrow maximum 200,000 euro via one or several win-win loan(s).

The creditor shall be a natural person located in the Flemish Region, as defined in the new Special Finance Act. The creditor’s tax residence must be located in this Region on 1 January of the PIT tax year.

The win-win loan shall be granted outside the creditor’s professional and commercial activities. The creditor cannot be the borrower’s employee. If the borrower is a self-employed worker, the creditor cannot be the borrower’s spouse or legal cohabitant. If the borrower is a legal entity, the creditor cannot be the borrower-legal entity’s manager, director or shareholder. Moreover, the creditor’s spouse or legal cohabitant is also excluded. The compliance with those conditions is assessed at the time when the loan is granted. The creditor cannot be a borrower in the context of another win-win loan.

The loan shall be subordinated as well to the borrower’s existing debts as to his future debts and shall be running for eight years. The amount of the loan granted by the creditor to one of several borrowers cannot exceed 50,000 euro. The loan can be repaid in one instalment after eight years or according to an amortization schedule set up by the parties. The win-win loan can be anticipatively paid off by the borrower via a single repayment of the balance of the principal and the interests. The interest rate shall be between 50 and 100% of the legal interest rate applicable at the time the loan has been raised (2% for the year 2017).

52 “Purchased service vouchers” means the difference between the number of service vouchers purchased during the taxable period and the number of vouchers refunded during the same period.

53 For further details and figures about the tax credit for service vouchers in the Walloon Region, cf. circular AGFisc/AAFisc n° 43/2015 of 17 December 2015.

The advantage is granted in the form of a refundable tax credit (55). It includes an annual refundable tax credit based on the amounts of the loans and possibly a single refundable tax credit if the loan is not repaid by the borrower. The annual refundable tax credit amounts to 2.5% of the arithmetic average of the amounts which have been lent over the period. It is thus limited to 1,250 euro per spouse. The single refundable tax credit is granted when the loan cannot be repaid by the borrower because of a bankruptcy or a liquidation. It amounts to 30% of the principal which is definitively lost in 2017, and cannot exceed 50,000 euro.

B. **Tax credit for renovation agreements (Flemish Region)**

A tax credit is granted in the Flemish Region to a creditor/natural person who concludes a renovation convention with a borrower/natural person.

The **creditor** must be a natural person. During the renovation convention, the creditor cannot be himself the borrower in the framework of another renovation convention.

The **borrower** must also be a natural person. During the renovation convention, he cannot be himself the creditor or the borrower in the framework of another renovation convention.

At the time the renovation convention is being concluded, the **real estate** cannot be registered for more than four years:

- in the register of unoccupied buildings;
- in the inventory of derelict and/or neglected industrial sites;
- in the list of unsuitable and/or uninhabitable dwellings and the list of derelict buildings and/or dwellings.

After the renovation work, the real estate must be used as principal residence by at least one of the borrowers for at least eight successive years.

The duration of the convention cannot exceed 30 years and the claimed interests cannot be higher than a determined ceiling.

The **tax credit** amounts to 2.5% of the amount put at disposal by the creditor in the framework of the renovation convention.

The calculation basis is limited to 25,000 euro per taxpayer. For this calculation basis, the average of the amounts put at disposal on 1 January and 31 December of the taxable period, is taken into account.

The tax credit is granted for the first time for the taxable period in which at least one of the borrowers uses the real estate as his principal residence and as long as this condition is met.

---

55 The tax credit has been officially converted into a refundable tax credit by the Flemish Decree of 19 December 2014.

68 The Tax Survey should not be considered as an administrative circular, no rights can be founded on it.

January 2018 issue.
C. **Refundable tax credit for “Coup de Pouce” loan (Walloon Region)**

The refundable tax credit is granted to individuals who lend money to a start-up SME under the “Coup de Pouce” loan, whether or not it concerns a company or a single-member company.

The **borrower** shall be a SME, including self-employed/natural persons. In this context, it is referred to the European Commission’s recommendation of 6 May 2003. One of the borrower’s places of business shall be located in the Walloon Region and must be a start-up registered since less than 5 years with the Crossroads Bank for Enterprises.

The **creditor** shall be a natural person who grants the loan outside his professional and commercial activities. The creditor must live in the Walloon Region and his tax residence must be located in the Walloon Region on 1 January of the tax year.

Other conditions also apply, among which the fact that the creditor cannot be himself the borrower under another “Coup de Pouce” loan.

The **loan** shall be subordinated. It shall be running for a fixed period of four, six or eight years. Per creditor, the maximum amount which can be granted under one or several loans is equal to 50,000 euro. Moreover, the total amount of the principal, which has been granted to a borrower under one or several loans, is equal to maximum 100,000 euro per borrower.

The **refundable tax credit** is based on the amounts granted, after deduction of the authorised early repayments. The tax base to calculate the refundable tax credit consists of the arithmetic average of all granted amounts of the principal on 1 January and 31 December of the taxable period. The tax credit amounts to 4% for the first four taxable periods starting from the taxable period in which the loan was raised, and to 2.5% for the possible subsequent taxable periods.
### 1.4. Computation of the tax

#### 1.4.0. General principles – federal PIT and regional PIT (56)

<table>
<thead>
<tr>
<th>Tax on separately taxed income</th>
<th>Basic tax according to the federal rate structure on aggregated taxed income</th>
</tr>
</thead>
<tbody>
<tr>
<td>- tax on the zero-rate band</td>
<td>= tax to be distributed</td>
</tr>
<tr>
<td>- tax credit for pensions and replacement income</td>
<td></td>
</tr>
<tr>
<td>- tax credit for foreign income</td>
<td>= “principal”</td>
</tr>
</tbody>
</table>

Adding up the tax on separately taxed income and the “principal” on aggregated taxed income

<table>
<thead>
<tr>
<th>Tax on interest, dividends, royalties, prizes attached to debenture bonds and capital gains on securities taxed as miscellaneous income</th>
<th>Tax on other income</th>
</tr>
</thead>
<tbody>
<tr>
<td>= State tax</td>
<td>= reduced State tax</td>
</tr>
<tr>
<td>- (State tax * autonomy factor)</td>
<td></td>
</tr>
</tbody>
</table>

### Regional surcharges on reduced State tax

- other federal tax credits

balance; if = 0, it is possible to deduct the portion of the federal tax credits which could not be set off but which can be set off against the Region's positive balance

= federal PIT (may be negative)                                                             = regional PIT (may be negative)

= total amount (may not be negative)

+ federal increases

- non-refundable federal items which can be set off

- refundable federal and regional tax credits

- federal items which can be set off and refunded

+ municipal surcharges on the “total amount”

= amount to be paid or refunded

---

56 Those principles come from Annex 1 to circular AGFisc/AAFisc 29/2014 (Ci.RH.331/633.424) of 7 July 2014 commenting on the introduction of the regional additional tax on PIT.

57 The regional tax increases are proportional and relate to the Regions’ material competences.

58 The regional tax reductions are lump sum amounts and may be differentiated inasmuch as they respect the progressivity principle.

59 Irrespective of whether they are proportional or lump sum amounts, the regional tax credits relate to the Regions’ material competences.
Part I : Direct taxation

Since 2004 the tax has been fully computed per spouse.

The concepts of “State tax”, “reduced State tax”, “federal PIT”, “regional PIT”, etc., as mentioned in the table above, must be understood as they are defined in the new Special Finance Act.

1.4.1. Tax rates

The basic tax is determined by application of the progressive rate structure on the ATI. The rates applicable to 2017 income are as follows:

<table>
<thead>
<tr>
<th>Bracket of taxable income</th>
<th>Marginal rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 11,070</td>
<td>25 %</td>
</tr>
<tr>
<td>11,070 - 12,720</td>
<td>30 %</td>
</tr>
<tr>
<td>12,720 - 21,190</td>
<td>40 %</td>
</tr>
<tr>
<td>21,190 - 38,830</td>
<td>45 %</td>
</tr>
<tr>
<td>38,830 and more</td>
<td>50 %</td>
</tr>
</tbody>
</table>

Table 1.9
Progressive rate structure

To determine the “principal”, the tax credits for dependents, the tax credits for pensions and replacement income and the tax credits for foreign income must then be applied to the basic tax.

1.4.2. Zero-rate band and deduction for dependents

A global zero-rate band, varying according to the composition of the household, is tax exempted. This global band consists in the first place of the basic zero-rate band granted to each of the spouses. This band is then increased by the exempted income for dependents and for certain specific family situations.

Where the global zero-rate band of one of the spouses exceeds the income it is credited against, the balance can be transferred onto the other spouse’s income in order to be credited against his/her income. These exemptions are calculated “from the bottom up”.

A. Exempted income of the taxpayer and his/her spouse

The basic zero-rate band is 7,270 euro, both for a single person and for a spouse. An additional amount of 300 euro is granted where the taxable income does not exceed 27,030 euro.

When the taxable income amounts to between 27,030 euro and 27,330 euro, a phasing out rule applies: the additional amount granted is progressively reduced proportionately to the difference between the taxable income and the 27,030 euro limit (60).

---

60 For contracts taken out at the latest on 31 December 2014, if a federal or regional housing bonus applies, there is a correction to compensate for the additional exempted amount possibly lost; this loss could be the consequence of the conversion of the housing bonus from a deduction into a tax credit.
The basic exemption is increased by 1,550 euro where the taxpayer is disabled. This is also true where the taxpayer’s spouse is disabled.

As from tax year 2017, the way the zero-rate band is set off has been changed. The tax on zero-rate bands is now based for its calculation on the scale relating to the “baseline” situation (i.e. based on the income brackets and tax rates used to calculate the PIT for tax year 2016), but retaining indexation, cf. table hereafter.

### Table 1.10.

**Scale applicable to zero-rate bands**

<table>
<thead>
<tr>
<th>Taxable income</th>
<th>Marginal rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 8,930</td>
<td>25%</td>
</tr>
<tr>
<td>8,930 - 12,720</td>
<td>30%</td>
</tr>
<tr>
<td>12,720 - 21,190</td>
<td>40%</td>
</tr>
<tr>
<td>21,190 - 38,830</td>
<td>45%</td>
</tr>
<tr>
<td>38,830 and more</td>
<td>50%</td>
</tr>
</tbody>
</table>

### B. Exemptions for dependent children or other dependent persons

Children, ascendants and collaterals up to the second degree included, and persons the taxpayer depended on exclusively or principally during his childhood, can be considered as dependent.

A person is considered “dependent” if two conditions are met:

- on 1 January of the tax year (i.e. on 1 January 2018) he is a member of the family (61),
- he has not had personal means of subsistence exceeding a net amount of 3,200 euro (62).

Moreover, a child cannot be considered as dependent if he has been in receipt of any remuneration which was a business expense for the parents.

### Maximum amount of the net resources

In order to determine the net amount of the resources, account must be taken of all regular or casual income, taxable or not, regardless of their designation.

The following, however, are not taken into consideration:

- family allowances, maternity allowances, legal adoption premiums, premiums for premarital saving, scholarships;

---

61 A child deceased during the taxable period is deemed to be a member of the taxpayer's family on 1 January of the tax year, provided it was already depending on him for the previous taxable period or was born and deceased during the taxable period. A missing child during the taxable period is still deemed to be a dependent child.

62 That amount is raised to 4,620 euro for single persons’ dependent children, and to 5,860 euro for single persons’ disabled dependent children.
Part I: Direct taxation

allowances chargeable to the Treasury when paid to disabled persons;

remunerations received by disabled persons following their employment at a recognised adapted work company;

arrears of alimony payments or additional alimony payments;

alimony payments regularly made pursuant to an obligation under the Civil Code or Judicial Code, survivor’s pensions granted to orphans in the public sector and orphan’s pensions, which are paid to children up to 3,200 euro per year;

pensions, up to 25,750 euro per year, received by ascendants and collaterals up to the second degree aged 65 or older;

remunerations received by student workers, remunerations received by students alternating work and training, and company managers’ profits, proceeds and remunerations generated or received by self-employed students, up to 2,660 euro per year.

In order to determine the net amount of the means of subsistence, their gross amount must be diminished by the expenses the taxpayer proves to have made or borne in order to acquire or maintain these means. Failing such evidential data, the deductible expenses are fixed at 20% of the gross amount of the means of subsistence, with a minimum of 440 euro in the case of remunerations of employed persons or proceeds from a professional activity.

Finally, it should be mentioned that, when the income from real property and movable assets accruing to children is aggregated with the income of their parents because the latter have the legal usufruct of their children’s income, the said children shall be considered as dependent, irrespective of the amount of their income.

Exemptions for dependent children are allocated by priority to the spouse with the higher tax base.

<table>
<thead>
<tr>
<th>Rank of the child</th>
<th>Total exemption</th>
<th>Exemption for that child</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1,550</td>
<td>1,550</td>
</tr>
<tr>
<td>2</td>
<td>3,980</td>
<td>2,430</td>
</tr>
<tr>
<td>3</td>
<td>8,920</td>
<td>4,940</td>
</tr>
<tr>
<td>4</td>
<td>14,420</td>
<td>5,500</td>
</tr>
</tbody>
</table>

For any child after the fourth, the exemption amounts to 5,510 euro per child.

An additional exemption of 580 euro is awarded for each dependent child who is less than three years old and for whom the tax credit for child care expenses has not been requested.

A disabled child counts for two (the child will be awarded the deduction according to his/her own rank plus the deduction granted to the child next in rank).

A child legally considered as stillborn is also considered as dependent for the year in which the death occurred. The additional exemption for each dependent child who is less than three years old, is automatically awarded for a stillborn child.

In case of joint custody, exemptions for dependent children can be apportioned between the parents. For that purpose, an “equal sharing of housing” under the Act of 18 July 2006 is necessary. The decision on joint custody must be written into an agreement registered or approved by a judge, or
result from a judicial decision. The joint parents just have to mention this decision in the tax return and to keep at the disposal of the administration a copy of the decision on joint custody.

Exemptions for dependent children are then apportioned between the joint parents. The exemption granted for the child(ren) in question is determined without taking into consideration the other children of the household and is divided in two, one half being added to the other deductions to which the taxpayer is entitled, if there are any. The joint parent who does not request the tax credit for child care expenses has right to the additional exemption for children under three.

In case of fiscal joint parenthood, the increase was previously limited to one of the parents if the dependent child reached the age of majority. The criterium relating to the minor child has now been replaced by the one regarding joint maintenance (with reference to the Civil Code). The tax system relating to joint parenthood is now applicable to emancipated minors and to children over the age of majority, provided that the child’s education has not been completed on 1 January of the tax year.

When exemptions for dependent children cannot be offset because of a too low income, they give rise to a **refundable tax credit**. The double exemption for disabled children and the additional exemption for children under three are to be taken into account. The refundable tax credit is computed at the marginal rate for the spouse with the highest income and is limited to 440 euro per dependent child.

Under joint taxation, the additional exempted amounts are set off against the income of the taxpayer who has the higher taxable income, unless offsetting those additional amounts against the other spouse’ income is more advantageous. The choice for the more advantageous calculation is based on the 'total principal amount', i.e. the sum of the tax on STI and the tax on ATI, after application of the zero-rate band, the tax credit for pensions and replacement income and the tax credit for foreign income.

### C. Specific family situations

The other exemptions are as follows:

- **ascendants and collaterals up to the second degree included, aged more than 65**: 3,090 euro
- **other dependent persons**: 1,550 euro
- **disabled dependent persons (63)**: 1,550 euro
- **single person with dependent children**: 1,550 euro
- **spouse whose income does not exceed 3,200 euro**: 1,550 euro
  - the year of marriage or the year of declaration of legal cohabitation, provided the assessment is made per taxpayer

In case of joint custody, each single parent has right to the total exemption for single persons with dependent children.

As from income year 2017, a **new increased zero-rate band applies** to low-income single parents (64) whose taxable income is lower than 19,000 euro. Their net earned income (excluding unemployment benefits, pensions and separately taxable income) must be equal to at least 3,200 euro.

---

63 With the exception of children.
64 Are concerned: single parents having at least one dependent child or to which a part of the tax advantage has been transferred because housing of the dependent child/children has been 'equally shared'.

74 The Tax Survey should not be considered as an administrative circular, no rights can be founded on it.

January 2018 issue.
Part I: Direct taxation

The increased exempted amount is equal to 1,000 euro and is fully granted if the taxable income does not exceed 15,000 euro. It is progressively reduced afterwards on the basis of a phasing out rule, for a taxable income between 15,000 euro and 19,000 euro, according to the following formula: 19,000 – taxable income / 19,000 – 15,000.

The part, which has not been set off, of the advantage resulting from the increased exempted amount is converted into a **creditable and refundable tax credit**, as is the part, which has not been set off, of the advantage resulting from the increased rate of the tax credit for child care expenses.

1.4.3. Tax credits for replacement income

Pensions, unemployment with company allowance regime (formerly called “prepensions”), sickness and invalidity insurance (SII) benefits, unemployment benefits and all other relevant benefits allocated as a partial or total compensation for temporary losses of gains, profits or remunerations are entitled to a tax credit.

Since tax year 2015, the tax credit for remplacement income has been moved up in the computation of the tax and comes now after the zero-rate band but before the other federal and regional tax credits.

This tax credit is calculated and granted per spouse. Its computation is based on the basic amount (normally indexed annually but temporarily frozen) (A). That amount is then subject to operations carried out in the following order:

- the restriction called “horizontal limitation”, i.e. according to the composition of the incomes, and in particular to the relation between the incomes entitling to the tax credit and the total net incomes (B);
- the restriction called “vertical limitation”, i.e. according to the level of the aggregate taxable income (C);
- a possible take-back of tax credits where the basic amount of the zero-rate band is increased (D);
- the limitation to proportional tax, i.e. according to the tax proportionately relating to the income concerned (E).

In certain cases an additional tax credit is granted so as to reduce the tax to nil (F).
A. **Basic amounts**

For 2017 income, the basic amounts of the credits are:

<table>
<thead>
<tr>
<th>Categories of income</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pensions</td>
<td>2,024.12</td>
</tr>
<tr>
<td>Unemployment with company allowance regime (*)</td>
<td>2,024.12</td>
</tr>
<tr>
<td>Standard unemployment benefits</td>
<td>2,024.12</td>
</tr>
<tr>
<td>Unemployment benefits for elderly (***)</td>
<td>2,024.12</td>
</tr>
<tr>
<td>Legal SII benefits</td>
<td>2,598.29</td>
</tr>
<tr>
<td>Other replacement incomes</td>
<td>2,024.12</td>
</tr>
</tbody>
</table>

(*) Formerly called “prepensions”

(**) These are benefits granted to unemployed persons having reached the age of 58 on 1 January of the tax year (in this case: 1 January 2018) and enjoying a seniority supplement.

B. **“Horizontal” limitation**

**PRINCIPLES**

Each of the above-mentioned tax credits is restricted by multiplying it by a fraction corresponding to the relation between the income entitling to a tax credit and the total net income. A single person who has received unemployment benefits amounting to 2,500 euro and net earned income amounting to 10,000 euro, will thus be granted one fifth of the basic amount only.

The limitation is computed per spouse using the following ratio:

\[
\frac{\text{net amount of the income entitling to tax credit}}{\text{total net income before application of the marital quotient}}
\]

**EXCEPTIONS**

A particular provision applies as from 1 January 2007 as regards the combination of employed activities and pensions. The horizontal limitation does not apply:

- in case of combination of an employed activity and a survivor’s pension;
- to the taxpayers having reached the legal pension age, in case of combination of an employed activity and a pension which does not exceed 15,568.12 euro.

Another particular provision relates to the re-entry in the labour market of people having taken early retirement (unemployment with company allowance regime). The horizontal limitation does not apply to the wage from the new employer or to earned income from a new self-employed activity where early retired workers’ replacement income is one of the following payments:

- the company allowance referred to in the collective bargaining agreement (CBA) nr.17 of 19 December 1974 or company allowances referred to in collective bargaining agreements which provide for equivalent benefits;
- the additional payment granted in addition to unemployment benefits with company allowance, for workers having reached 50;
the additional prepension payments provided the old employer’s obligation to keep on paying it after the resumption of work, is not mentioned in a collective bargaining agreement or in an individual agreement providing for the additional payment.

Company allowances and additional payments received in addition to benefiting the unemployment with company allowance regime and paid or allocated as from 1 January 2016, provided that they do not relate to periods before this date, are under some conditions tax exempt after work resumption with another employer or as self-employed, for the duration of work resumption.

It results in a modified calculation of the tax credit for pensions and other replacement income. Considering that no tax credit can be granted for exempted income, the modified calculation of the tax credit for pensions and other replacement income (65) has indeed been limited to allowances which cannot be taken into consideration for the exemption.

C. “Vertical” limitation

This restriction is related to the total ATI of the spouse. There are two series of limits: the general rule and the limits applying to standard unemployment benefits.

GENERAL RULE

The general rule applies to all categories of income mentioned in Table 1.13 except the standard unemployment benefits.

The tax credit which subsists after the horizontal limitation is maintained in its entirety up to an ATI of 22,430 euro; it then diminishes gradually and is reduced to one third of its amount as from an ATI of 44,860 euro.

The credit thus limited (R’) is calculated according to the tax credit subsisting after application of the horizontal limitation (R):

\[
R' = \begin{cases} 
R & \text{if } \text{ATI} < 22,430 \\
\left[ R \times \frac{1}{3} \right] + \left[ R \times \frac{2}{3} \times \frac{(44,860 - \text{ATI})}{22,430} \right] & \text{if } 22,430 \leq \text{ATI} \leq 44,860 \\
R \times \frac{1}{3} & \text{if } \text{ATI} > 44,860 
\end{cases}
\]

PARTICULAR RULE APPLYING TO STANDARD UNEMPLOYMENT BENEFITS

The tax credit subsisting after application of the horizontal limitation is maintained in its entirety up to an ATI of 22,430 euro; it then diminishes gradually and is no longer granted when the ATI of the household amounts to 28,000 euro.

The credit thus limited (R’) is calculated according to the tax credit subsisting after application of the horizontal limitation (R) as follows:

\[
R' = \begin{cases} 
R & \text{if } \text{ATI} < 22,430 \\
R \times \frac{1}{3} & \text{if } \text{ATI} \geq 22,430 
\end{cases}
\]

---

65 As from tax year 2017, the income resulting from work resumption is no longer taken into consideration for apportioning the tax credit for pensions and replacement income. That is what “modified calculation of the tax credit for pensions and other replacement income” means.
Table 1.14
Vertical limitation of the tax credits: standard unemployment benefits

<table>
<thead>
<tr>
<th>Brackets of ATI</th>
<th>Limitation of the tax credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 22,430 euro</td>
<td>$R' = R$</td>
</tr>
<tr>
<td>From 22,430 euro to 28,000 euro</td>
<td>$R' = R' \cdot (28,000 - \text{ATI}) / 5,570$</td>
</tr>
<tr>
<td>More than 28,000 euro</td>
<td>$R' = 0$</td>
</tr>
</tbody>
</table>

D. **Take-back of tax credits where the basic amount of the zero-rate band is increased**

There is a (total or partial) take-back of the tax credits for pensions and replacement income where the basic amount of the zero-rate band exceeds 7,270 euro (i.e. where the ATI is lower than $27,030 + [7,570 – 7,270 euro]) \(^{(66)}\). The amount of the take-back of tax credits is fixed as follows:

a) where the taxable income consists of exclusively either pensions or other replacement income, or unemployment benefits, or legal sickness and invalidity insurance benefits, the amount of the take-back is equal to 25% of the difference between the increased amount of the zero-rate band and the amount of 7,270 euro.

b) in the other cases, for each income categories entitled to the tax credit, the amount calculated under a) just has to be multiplied by the proportion of the income concerned in the ATI.

E. **Limitation to proportional tax**

The credit remaining after these limitations shall in no case exceed the part of the tax which relates proportionately to the income entitled to this tax relief. This limitation will apply, for example, where the basic amount of the credit exceeds the taxpayer’s tax liability.

F. **Cases where the tax is reduced to nil (additional tax credit)**

After the awarding of standard tax credits for replacement income, the remaining tax is reduced to nil when the global net income is made up exclusively of replacement incomes which do not exceed:

- in respect of unemployment benefits  17,631.14 euro  
- in respect of pensions and other forms of replacement income  15,568.12 euro  
- in respect of sickness and invalidity insurance (SII) benefits  17,297.91 euro

A phasing out rule applies where the income exceeds the upper limit. The remaining tax may not exceed the difference between the taxable income and the upper limit.

Under joint taxation, the total net income of both spouses is taken into consideration for the application of the additional credit for pensions and replacement income.

\(^{(66)}\) As regards the increase in the zero-rate band for low income, cf. page 71.
Part I: Direct taxation

The calculation of the additional tax credit for the taxpayers who only receive pensions, replacement income or legal sickness and invalidity insurance benefits and for whom this kind of income slightly exceeds the reference income, has been modified as from tax year 2018.

It concerns the calculation of the positive difference between:
- the amount of the tax on the remaining income after application of the standard tax credit for pensions and replacement income \((a)\);
  and
- 90% of the difference between the net income \((b)\) and the reference income \((c)\).

As a result, the formula is the following:
\[
(a) - [(b-c) \times 90\%].
\]

The amount of the State tax which must still be paid after application of the additional tax credit is reduced to maximum 90% of the difference between the net income and the reference income.

1.4.4. Tax credits for foreign income

Foreign income is in principle taxed in the country where it originates, i.e. the country where the activity is pursued and where the liable taxpayer resides. In order to avoid double taxation, international agreements provide for **exemption of the income in the country of residence**. Belgium applies the **progressiveness reserve**: foreign income is taken into account in order to calculate the tax rate.

At this stage of the calculation, a tax credit is granted for the part of the tax on aggregated taxable income originated in countries with which Belgium has signed a double taxation agreement (DTA).

Where the foreign income originates from a country with which Belgium has signed no such agreement, the part of tax relating to this income is halved.

These credits are determined per spouse.

Since tax year 2015, the tax credit for foreign income has been moved up in the computation of the tax and comes now after the tax credit for pensions and replacement income but before the other federal and regional tax credits.

A new exemption under domestic law also applies, in the form of a tax credit, to remunerations paid or allocated by international courts.

1.4.5. Separate taxation

The law has provided for separate taxation in respect of three categories of income:
- income from movable property,
- most miscellaneous income,
- certain types of non-periodical income: notably capital gains, arrears, termination compensation, amounts paid on due date in respect of group insurance contracts, life insurance contracts or pension savings schemes, regional employment premiums.

The income escapes aggregation and is taxed at special rates mentioned hereafter. Total aggregation (inclusion of the income in the ATI and application of the progressive rate structure) is nonetheless applied where doing so is to the taxpayer’s advantage.

The choice is made for separately taxable income as a whole.
Since the new Special Finance Act has been implemented, the sum of the “State tax” and the tax on the “movable property income box” is taken into consideration in order to determine whether the aggregation is more favourable to the taxpayer.

The tax on separately taxable income is calculated as follows.

**INCOME FROM MOVABLE PROPERTY**

The assessment rates vary between 5% and 30% according to the case: the conditions and terms are detailed in Table 1.2, page 31.

**MISCELLANEOUS INCOME**

The taxable amount of miscellaneous incomes has been detailed above (67). The tax rates applying to these incomes are the following:

<table>
<thead>
<tr>
<th>Type of income</th>
<th>Tax rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occasional profits and proceeds</td>
<td>33%</td>
</tr>
<tr>
<td>Collaborative economy</td>
<td>20%</td>
</tr>
<tr>
<td>Allowances “research workers”</td>
<td>33%</td>
</tr>
<tr>
<td>Prizes and subsidies</td>
<td>16.5%</td>
</tr>
<tr>
<td>Prizes attached to debenture bonds</td>
<td>30%</td>
</tr>
<tr>
<td>Income from sublease or from transfer of a lease</td>
<td>30%</td>
</tr>
<tr>
<td>Income from permission to place advertising boards</td>
<td>30%</td>
</tr>
<tr>
<td>Income from sporting rights (hunting, fishing, trapping)</td>
<td>30%</td>
</tr>
<tr>
<td>Capital gains from built property</td>
<td>16.5%</td>
</tr>
<tr>
<td>Capital gains from unbuilt property</td>
<td>33% if the capital gains are realised less than 5 years after the acquisition, 16.5% in the other cases</td>
</tr>
<tr>
<td>Capital gains realised on the transfer of an important parcel of shares</td>
<td>16.5%</td>
</tr>
</tbody>
</table>

**EARNED INCOME**

In many cases earned income which can enjoy the separate taxation is taxed at an average rate.

The average rate is based on the tax amount to be paid after application of the tax credits for the zero-rate band, the tax credits for replacement income, the federal tax credits, but without considering the tax credit for foreign income.
**Part I: Direct taxation**

**Table 1.16**

*Separate taxation of earned income*

<table>
<thead>
<tr>
<th>Type of income</th>
<th>Tax rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary arrears, replacement income arrears</td>
<td>the previous year’s average rate</td>
</tr>
<tr>
<td>Termination compensation</td>
<td>the previous year’s average rate</td>
</tr>
<tr>
<td>Redeployment allowances</td>
<td>the previous year’s average rate</td>
</tr>
<tr>
<td>Prepaid holiday pay</td>
<td>the current year’s average rate</td>
</tr>
<tr>
<td>Arrears of alimony payments</td>
<td>the current year’s average rate</td>
</tr>
<tr>
<td>Fee arrears</td>
<td>the current year’s average rate</td>
</tr>
<tr>
<td>Capital gains from professional activities</td>
<td>16.5%</td>
</tr>
<tr>
<td>Gross regional employment premiums (*) &lt; 190 euro per month</td>
<td>10.38%</td>
</tr>
<tr>
<td>Young sportsmen's remunerations, first 19,260 euro gross bracket</td>
<td>16.5%</td>
</tr>
<tr>
<td>Volunteer sporting activity as a self-employed secondary activity, first 19,260 euro gross bracket</td>
<td>33%</td>
</tr>
<tr>
<td>Setting-up allowance for general practitioners (*)</td>
<td>16.5%</td>
</tr>
<tr>
<td>Remunerations of casual workers in the Horeca sector (**)</td>
<td>33%</td>
</tr>
</tbody>
</table>

(*) A setting-up allowance amounting to 20,000 euro is granted to general practitioners who decide to set up in a "priority area" with a lack of general practitioners.

(**) In force as from 1 October 2013 and provided certain conditions are met (remunerations for services provided during maximum 50 days a year, etc.)

**CAPITALS AND ANNUITIES FROM A GROUP INSURANCE CONTRACT**

In case a capital is paid out, a separate taxation is made for the paid-out capital where a group insurance is liquidated. There are different taxation methods depending on whether the capital is liquidated on the “usual date” or earlier.

“Usual date” (68) means:

- the retirement of the beneficiary (69);
- from the age of 60;
- the death of the insured.

---

68 The concept “usual date” in the context of the liquidation of the capital of a group insurance, has been modified by the law of 28.04.2003 relating to supplementary pensions.

69 The concept “retirement” includes early retirement pensions but not the unemployment with company allowance regime (formerly referred to as “prepension”).

The Tax Survey should not be considered as an administrative circular, no rights can be founded on it. January 2018 issue.
Table 1.17
Taxation upon the liquidation of the capital of a group insurance

<table>
<thead>
<tr>
<th>Liquidation of capital or surrender values upon usual termination or assimilated date</th>
<th>Contributions made until 31 December 1992</th>
<th>Contributions made from 1 January 1993</th>
</tr>
</thead>
</table>
| employer’s contributions | separate taxation (rates applicable to capital paid as from 1 July 2013) | payment at the age of 60 years: 20% (\*)
| | | payment at the age of 61 years: 18% payment between 62 and 64 years: 16.5% |
| | | payment at the age of 65 years: 10% (**) otherwise: 16.5% |
| employee’s contributions | separate taxation at a 16.5% rate | separate taxation at a 10% rate |
| Liquidation of capital or surrender values before legal date | | |
| employer’s contributions | taxation at marginal rate | |
| employee’s contributions | taxation at marginal rate | taxation at a 33% rate |

\( (*) \) The taxation increase from 18% to 20% is the continuation of the increase to 62 years in the minimum retirement age and, as a result, only applies where capital and surrender values are paid or allocated before this minimum age.

\( (**) \) Taxation at a 10% rate where the beneficiary actually remained professionally active at least until the legal retirement age. In case of liquidation resulting from the death after the legal retirement age, the 10% rate remains acquired where the deceased actually kept on working until this age. As far as this condition is concerned, the 3-year period preceeding the legal retirement age is taken into account. Certain periods are assimilated to periods of employment: this applies to unemployed with company allowance who have chosen the unemployment with company allowance regime as from 1 January 2015 and who are in principle subject to the obligation regarding the “disponibilité adaptée” / “aangepaste beschikbaarheid” (special availability) in the labour market.

Anyway, upon liquidation of the capital, a special 3.55% social security contribution is levied for the benefit of the National Institute for Sickness and Invalidity Insurance.

**CAPITAL AND SURRENDER VALUES TAXABLE UP TO THE NOTIONAL ANNUITY**

Are taxed at the termination date:

- capital of outstanding balance insurance contracts,
- capital and surrender values of individual life insurance contracts, up to the amounts used for the reinstatement or the securing of a mortgage loan.

The capital and surrender values are taxed in the form of a notional annuity where paid out upon the policy holder’s death, at the normal termination of the insurance contract or in the course of the five years preceding the termination date of the contract. In the other cases, the capital itself is taxed at the marginal rate. The notional annuity is a conversion annuity calculated according to the age reached by the beneficiary at the time the capital or surrender value is paid out. It is included in the aggregated taxable income.
Part I: Direct taxation

Capital from the additional pension scheme for self-employed, which is liquidated, in the event of life, at the earliest at the legal retirement age of the beneficiary who actually kept on working at least until this age or, in the event of death after the legal retirement age, where the deceased actually kept on working until this age, is always taxed in the form of a notional annuity.

Table 1.18
Conversion rates for the calculation of notional annuities

<table>
<thead>
<tr>
<th>Age reached by the beneficiary at the time of the capital liquidation</th>
<th>Conversion rates</th>
<th>Taxable period (*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>40 or less</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>from 41 to 45</td>
<td>1.5</td>
<td></td>
</tr>
<tr>
<td>from 46 to 50</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>from 51 to 55</td>
<td>2.5</td>
<td></td>
</tr>
<tr>
<td>from 56 to 58</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>from 59 to 60</td>
<td>3.5</td>
<td></td>
</tr>
<tr>
<td>from 61 to 62</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>from 63 to 64</td>
<td>4.5</td>
<td></td>
</tr>
<tr>
<td>65 and more</td>
<td>5</td>
<td>10 years</td>
</tr>
</tbody>
</table>

(*) The requirement to report income comes to an end if the policy holder deceases before the end of that period.

1.4.6. State tax, reduced State tax and regional surcharges

The balance remaining after having considered the zero-rate band and having set off the tax credits for replacement income and the tax credit for foreign income, is called “principal”.

The next step is the calculation of the “State tax”. This tax is obtained by adding up this "principal" and the tax to be paid on separately taxed income and then by deducting from this total the tax on the “movable property income box”.

The State tax is then apportioned between the federal authority and the Regions on the basis of the autonomy factor (24.957%). The portion allocated to the federal authority (75.043%) is called “reduced State tax”.

The reduced State tax is the base for calculating the regional surcharges. These surcharges are reported as a percentage of the reduced State tax. As a result, the rate of the regional surcharges for tax year 2018 amounts to:

\[
24.957 / (1 - 0.24957) = 24.957 / 75.043 = 33.257
\]

This rate can be modified by the Regions which can introduce differentiated surcharges per tax bracket, in compliance with the progressivity principle described in the box on p. 22.

The rate of 33.257 applies in the Walloon Region and in the Flemish Region. The Brussels-Capital Region decided for the year 2017 to change the formula for the calculation of the regional surcharges. In the Brussels-Capital Region, the rate amounts to 32.591 according to the following formula:

\[
\frac{100}{(100 - \text{autonomy factor})}\times[99.5 - (100 - \text{autonomy factor})] = 32.591\%
\]
1.4.7. Offsetting tax credits

Tax credits are set off in the following order. This order applies to as well federal as regional tax credits. Within each group, the offsetting occurs in principle in the same order as the tax credits appear in the Income Tax Code; i.e.:

− firstly, the tax credits which cannot be converted into refundable tax credits and which cannot result in a subsequent taxation.

Are notably concerned: the (federal or regional, as appropriate) tax credits for personal premiums for group insurance contracts, additional interest, capital repayments, houses with low-energy consumption, interest paid on “green” loans, electric vehicles, gifts, domestic workers, child care expenses, overtime pay, LEA vouchers, expenses for renovating low-rent dwelling houses (except for the Brussels-Capital Region), (expenses for making dwellings secure against burglary and fire – abolished in the three Regions), classified monuments (except for the Brussels-Capital Region; transitional measure in the Flemish Region), standard interest, renovation agreements (Flemish Region).

− secondly, the tax credits which cannot be converted into refundable tax credits but which can result in a subsequent taxation.

Are concerned: the tax credits for employers’ shares and shares in development funds, as a subsequent take-back of tax credits is possible. The tax credit for pension scheme and life insurance premiums (future impact via capital taxation) are also concerned.

− finally, the tax credits which can be converted into refundable tax credits.

This concerns the tax credit for service vouchers which can be converted into a refundable tax credit in certain cases (70).

1.4.7.1 Federal tax credits

The federal tax credits (other than for dependents, replacement income and foreign income) are set off against the sum of the reduced State tax (75.043% of the State tax) and the tax on the “movable property income box”. They are only set off against the tax on aggregated taxed income.

It is referred to Section 1.3.2 for the detailed federal tax credits.
TAX CREDIT FOR OVERTIME PAY

A tax credit is granted to persons employed in the market sector, the non-market sector, autonomous public undertakings and the public limited company HR Rail, who have worked overtime and are therefore entitled to a bonus.

The credit is computed on the amounts on which the bonus for hours of overtime was calculated, i.e. the gross salary before deduction of personal social security contributions, plus possible other remunerations.

The credit is only granted for a bracket of 130 hours. If the number of hours of overtime (NHO) exceeds 130, the basis is limited to 130/NHO.

From now on, the rate of tax credit amounts to:

- 57.75% per hour achieved, to which a legal supplementary payment of 50 or 100% is applied;
- 66.81% per hour achieved, to which a legal supplementary payment of 20% is applied.

The maximum number of hours of overtime has been increased from 130 hours to 180 hours for:

- workers employed by employers in the Horeca sector;
- workers employed by employers carrying out construction works, provided the employers use an electronic attendance registration system.

As part of the implementation of the Horeca plan, the maximum number of hours of overtime has been increased to 360 hours for workers employed by an employer who comes under the joint committee for the hotel industry. For further information on the Horeca plan, cf. p.178.

In the Horeca sector, it must concern hours of overtime entitling to a bonus, whether or not recovered by the worker, which are worked by workers employed by an employer who comes under the joint committee for the hotel industry or the joint committee for temporary work. Unlike what applies to hours of overtime exempt in the Horeca sector (cf. p. 39), the maximum number of hours of overtime is the same, whether or not the employer uses a cash register system in each operating place (71).

The tax credit cannot exceed the State tax which applies to net salary and wages taxable as aggregated income according to the progressive rate structure. As from tax year 2018, the tax credit will only be granted if the income from hours of overtime is actually taxed in Belgium.

1.4.7.2 Regional tax credits

It is referred to Section 1.3.3 for an overview of the regional tax credits.

---

71 It can be usefully referred to the FAQ published by the FPS Finance on that issue: “Horeca – Flexi-jobs and heures supplémentaires” / “Horeca – Flexi-jobs en overuren”, 27 January 2017 (only available in French and Dutch).
Part I: Direct taxation

1.4.8. Federal PIT, regional PIT, overflow and computation of the total tax

The amount remaining after offsetting federal tax credits is the federal PIT. It may be negative.

The regional surcharges are increased by the regional tax increases; the regional tax credits and reductions are then set off.

The remaining amount is the regional PIT. It may also be negative.

If a tax is negative according to a calculation method (irrespective of whether the federal or regional calculation method has been applied), there will be a transfer (also called “overflow mechanism”) to the other calculation method.

Example: the regional housing bonus can be set off against the federal PIT thanks to the overflow mechanism, if the taxable base of regional surcharges is not sufficient.

1.4.9. From the total tax to the final balance (tax amount to be paid or refunded)

The final tax is increased by the federal tax increases (increase for no or insufficient advance payments, increase for take-back of tax credits for employers’ shares and shares in development funds).

It is then decreased by:

- creditable and non-refundable federal items (FFTC (72), bonuses for advance payments);
- refundable federal and regional tax credits;
- finally, creditable and refundable federal items (advance payments, withholding tax on income from movable property and withholding tax on earned income).

The balance is increased by the municipal surcharges.

The possible surplus of the refundable tax credit for dependent children, the possible surplus of advance payments, withholding tax on earned income, actual or notional withholding taxes on income from movable property, refundable tax credits for self-employed, for low income from professional activities and for low-income workers (employment bonus) and regional tax credits, is, as appropriate, set off against the additional taxes on PIT. The surplus is refunded provided it amounts to minimum 2.50 euro.

1.4.9.1 Base for the calculation of municipal surcharges

The calculation of municipal surcharges is based on the total tax, i.e. after offsetting of federal and regional tax credits, inclusive the Flemish regional tax credit for renovation agreements.

The rate of municipal surcharges is specific to each municipality. Municipal surcharges do not apply to the tax on interest and dividends, provided those interest and dividends have no professional nature.

---

72 Offsetting the FFTC is limited to the portion of the State tax relating to professional income.

86 The Tax Survey should not be considered as an administrative circular, no rights can be founded on it. January 2018 issue.
**Part I: Direct taxation**

**Income Year 2017**

1.4.9.2 *Increases and bonuses in respect of advance payments*

Taxpayers declaring income from a self-employed activity must make advance payments, and a tax increase is applied when these payments are not made or when they are insufficient. The assisting spouse quota and remunerations paid to the assisting spouse are considered an income from a self-employed activity.

Moreover, any taxpayer can make advance payments to discharge the tax which is not covered by a withholding tax: these payments entitle the taxpayer to a tax bonus.

In order not to encumber the assisting spouse with the obligation to make advance payments (73), a specific ruling has been introduced which assures the transfer of advance payments made by the taxpayer who allocates the assisting spouse quota. So advance payments made by the taxpayer are used:

- first, to clear his tax increase;
- second, for the balance, to clear the tax increase due by the spouse who is allocated an assisting spouse quota;
- finally, for the possible balance, to compute tax bonuses.

Increases and bonuses are calculated on the basis of a reference rate. **For 2017 income, this rate is 1% (74).**

Advance payments must have been made:

- for the first quarter (AP1), no later than 10 April 2017;
- for the second quarter (AP2) no later than 10 July 2017;
- for the third quarter (AP3), no later than 10 October 2017;
- for the fourth quarter (AP4), no later than 20 December 2017.

Natural persons having begun their first self-employed principal activity are exempted from the tax increase due on profits incurred during the first three years of their self-employed activity (75).

Any advance payment made by the taxpayer who is thus exempted entitles the taxpayer to a tax bonus insofar as the other conditions relating to the awarding of these rebates are fulfilled.

---

73 However, the assisting spouse, as defined in Article 33, Income Tax Code 92, must make his own advance payments.

74 A minimum basic interest rate of 1% has been applied as from tax year 2018.

75 The exemption does not only apply to profits but also to proceeds and to directors’ and assisting spouses’ remunerations.
Increases and bonuses are calculated as follows:

**Table 1.19**

<table>
<thead>
<tr>
<th>Increase</th>
<th>Bonus</th>
</tr>
</thead>
<tbody>
<tr>
<td>- the total tax calculated in respect of income from a self-employed activity considered separately (notional calculation) or the total tax which relates proportionally to this income, if it is lower;</td>
<td>the total tax, increased to 106% and increased by the federal tax increases, less the amounts creditable as withholding taxes, FFTC, or federal or regional tax credit and less the amount of advance payments necessary to avoid the increase.</td>
</tr>
<tr>
<td>- increased to 106%, less withholding taxes, the FFTC, tax credits related to this income (76).</td>
<td>Rate of increase 2.25 times the reference rate, i.e. 2.25%</td>
</tr>
</tbody>
</table>

**Amounts payable**

| AP1: 3% (3.0 x the reference rate) | AP1: 1.50% (1.5 x the reference rate) |
| AP2: 2.5% (2.5 x the reference rate) | AP2: 1.25% (1.25 x the reference rate) |
| AP3: 2% (2.0 x the reference rate) | AP3: 1% (1.0 x the reference rate) |
| AP4: 1.50% (1.5 x the reference rate) | AP4: 0.75% (0.75 x the reference rate) |

A bonus is awarded for excess AP.

**Adjustments**

- the increase is reduced by 10%  
- the increase is reduced to nil if it amounts to less than 80 euro or 0.5% of its calculation base  
- contingent exemptions for beginning self-employed

---

76 Profits and proceeds from a previous professional activity, replacement income relating to an activity generating profits, proceeds, etc. and separately taxed income do not fall within the scope of the AP increase. Nor are levies on replacement income deducted.
1.4.9.3  Creditable withholding taxes and refundable tax credits

The new Special Finance Act explicitly states that the Regions can grant refundable tax credits. Just like tax credits, refundable tax credits must explicitly relate to the Regions’ material competences.

Refundable tax credits have no impact on the additional municipal tax.

A.  REFUNDABLE TAX CREDIT FOR INCREASE IN “OWN ASSETS”

Taxpayers declaring profits or proceeds are entitled to a refundable tax credit if they have increased the company’s “own assets”. The company being a family business, the concept of “capital” used for CIT when this refundable tax credit applied thereto, is inappropriate here. “Own assets” are measured by the difference between the fiscal value of the tangible assets put into the company and the amount of the liabilities assigned to the performance of the professional activity.

The refundable tax credit amounts to 10% of the difference between:
- the fiscal value of the “own assets” at the end of the taxable period,
- and the highest amount those assets have reached at the end of any of the three assessment years preceding the current taxable period.

The refundable tax credit is limited to 3,750 euro per spouse.

Since tax year 2015, the tax credit for self-employed is refundable and, as a result, it can be fully set off against the “total tax” (sum of the federal PIT and the regional PIT), increased by the federal increases.

The refundable tax credit is granted provided that the taxpayer joins a certificate to his return asserting that he has made all relevant social security contributions he is liable to as a self-employed person.

B.  REFUNDABLE TAX CREDIT ON LOW INCOME FROM PROFESSIONAL ACTIVITIES

The refundable tax credit is computed on the net amount of the activity income, i.e. the amount of the earned income not being a replacement income or a separately taxed income, after deduction of the actual or lump sum professional expenses. Income from an occasional independent activity is not taken into account either.

Wage income is not taken into account except for statutory civil servants. In fact, wage income not taken into account for the refundable tax credit is entitled to a reduction in personal social security contributions and to the refundable tax credit for low-income workers.

Remunerations paid to the assisting spouse, who has no own social statut, constitute a source of earned income from independent activity and are consequently included in the refundable tax credit basis.

The tax base is computed before taking into account the marital quotient and the allocation of the assisting spouse quota.

No taxpayers subject – entirely or partially – to lump sum taxation, could previously be entitled to the refundable tax credit. Since tax year 2017, taxpayers whose profits or proceeds are determined according to lump sum tax bases fixed together with professional associations are no longer excluded from the refundable tax credit on low income from professional activities. This
also applies to remunerated assisting spouses. Taxpayers whose profits or proceeds are determined according to the taxable minimum levels applied because they did not submit a return or because they submit it after the deadline, remain excluded from the refundable tax credit on low income from professional activities.

Remunerations received by company managers working under an employment contract, company managers’ remunerations from a self-employed secondary activity and remunerations received by company managers working as self-employed students are also excluded.

The tax base is calculated per spouse and the refundable tax credit is granted per spouse.

The refundable tax credit is calculated in function of the income \( I \) and of the upper \( L_2 \) and lower \( L_1 \) limits of the tax brackets in the scale, as follows:

\[
\begin{array}{|c|c|c|}
\hline
\text{Brackets of income } I & \text{Amount of refundable tax credit (euro)} \\
\hline
0 & 0 \\
5,100 & 690 \times (L_2 - L_1) / (L_2 - L_1) \\
6,810 & 690 \\
17,040 & 690 \times (L_2 - I) / (L_2 - L_1) \\
22,140 & 0 \\
\hline
\end{array}
\]

The refundable tax credit is reduced proportionately to the part of the activity income in the total net earned income.

The amount of 690 euro, mentioned in the table above, must be replaced by the amounts of 310 euro or 760 euro respectively for assisting spouses and statutory civil servants.

\section*{C. REFUNDABLE TAX CREDIT FOR LOW-INCOME WORKERS}

This refundable tax credit (tax bonus) is intended for low-income workers (and company managers subject to the employees’ social security system) entitled to the social employment bonus.

The refundable tax credit amounts to 28.03\% of the reduction in personal social security contributions which is actually granted on remunerations earned during the taxable period.

It cannot exceed 660 euro per taxable period.

\section*{D. REFUNDABLE REGIONAL TAX CREDIT FOR SERVICE VOUCHERS}

The portion of the tax credit for service vouchers which could not be set off against regional surcharges and regional tax increases or against the balance of the federal PIT, is converted into a refundable regional tax credit. In the Brussels-Capital Region, the income ceiling is no longer a condition to be entitled to the conversion into a refundable tax credit.
Part I: Direct taxation

E. Flemish Refundable regional tax credit for Win-Win loan

The provisions concerning the win-win loan are referred to in Section 1.3.4.

F. Walloon Refundable regional tax credit for “Coup de Pouce” loan

The provisions concerning the “Coup de Pouce” loan are referred to in Section 1.3.4.

1.4.9.4 Tax increases

PRINCIPLES

The following tax increases may be applied in the event of overdue return, failure to make return, incomplete or incorrect return:

- either on the entirety of the taxes payable before the allowance of withholding taxes, advance payments, tax increases and bonuses;
- or proportionately to these taxes when the infringement relates to only part of the tax base.

A. Rates of increase

The rate of increase ranges from 10 to 200% depending on the seriousness and frequency of the infringements.

<table>
<thead>
<tr>
<th>Nature of infringement</th>
<th>applicable rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Incomplete or incorrect return or failure to make return owing to circumstances which are independent of the will of the taxpayer</td>
<td>NIHIL</td>
</tr>
<tr>
<td>B. Incomplete or incorrect return or failure to make return without intending to evade taxation: 1st infringement (excluding failure to declare as sub A)</td>
<td>10%</td>
</tr>
<tr>
<td>2nd infringement</td>
<td>20%</td>
</tr>
<tr>
<td>3rd infringement</td>
<td>30%</td>
</tr>
<tr>
<td>4th and subsequent infringements</td>
<td>(as for C)</td>
</tr>
<tr>
<td>C. Incomplete or incorrect return or failure to make return with the intention to evade taxation: 1st infringement</td>
<td>50%</td>
</tr>
<tr>
<td>2nd infringement</td>
<td>100%</td>
</tr>
<tr>
<td>3rd infringement</td>
<td>200%</td>
</tr>
<tr>
<td>D. Incomplete or incorrect return or failure to make return with an inaccuracy, a deliberate or fraudulent omission, or the making use of forged documents in the course of an inspection in respect of tax liability, or the corruption or attempted corruption of a civil servant</td>
<td>200%</td>
</tr>
</tbody>
</table>

B. Limit value of increase

The total taxes and penalties applicable to the income for which no return was made cannot exceed the amount of the income for which no return was made.

The limit value of non-reported income below which the increase does not apply, amounts to 3,910 euro.
CHAPTER TWO
CORPORATE INCOME TAX (CIT)

What is new?

- The CIT reform is not explained in detail in this edition of the Tax Survey because it concerns tax year 2019 and subsequent tax years.
- Exemption for income compensation benefits paid by the Regions to companies victims of nuisance due to work carried out on publicly owned property. Applicable to benefits received as from 1 January 2018.
- Putting at disposal of a company car: increase from 17% to 40% in the percentage of the benefit in kind considered as disallowed expenses, where fuel expenses linked to personal use are partially or totally incurred by the employer.

2.1. Taxable period

In respect of the taxation of individuals, the taxable period is always the calendar year. This is not the case for corporate income tax: the taxable period is the financial year and the link between the taxable period and the tax year is based on the date the accounts are closed. Legislation relating to tax year 2018 therefore applies to income from financial years closed between 31 December 2017 and 30 December 2018.

2.2. Liability to corporate income tax

All companies, associations, establishments or institutions are liable to corporate income tax if:
- they possess legal personality,
- they have their statutory seat, their principal establishment, their seat of management or their seat of administration in Belgium,
- they are engaged in a business or a profit-making activity.

Inter-municipal associations are now liable to corporate income tax. An exception to the automatic transition to the corporate income tax for inter-municipal associations – of which the financial year was closed at the earliest on 1 July 2015 – has been provided for inter-municipal associations which, as a principal occupation, operate a hospital or an institution assisting war victims, disabled persons, the elderly, etc.

A transitional system has been implemented for inter-municipal associations for the transition from the legal entities income tax to the corporate income tax: the reserves built up during the period in which inter-municipal associations were liable to legal entities income tax, are only exempted provided the intangibility condition is met.

Nonetheless, Article 180 of the Income Tax Code 1992 explicitly points out a number of exceptions to CIT liability.

Non-profit organisations are, in principle, not liable to corporate income tax, provided their activity is in keeping with their legal status; the status of non-profit organisation does not automatically bind the tax office, which can submit a non-profit organisation to the payment of corporate income tax if the organisation is engaged in profit-making activities.
Those criteria are now used to determine whether an inter-municipal association is liable to CIT or to LEIT. An inter-municipal association is still liable to LEIT only if it does not carry out profit-making concerns or transactions. Otherwise, it is excluded from LEIT and CIT applies.

The law specifies, however, that the following are not considered profit-making transactions:
- isolated or exceptional transactions,
- transactions relating to the investment of funds collected by the non-profit organisation in the course of its statutory mission,
- transactions which only incidentally involve industrial, commercial or agricultural activities or which are not conducted using industrial or commercial methods.

2.3. Tax base

The tax base described in this section applies to the common tax system of profits. Other, more specific tax systems are notably the system relating to investment companies. They are described in annex 2 to this chapter (77).

2.3.0. Financial profit and taxable profit

The notions of "taxable profit" and "financial profit" are quite different from each other; although the latter serves as a basis for the computation of the taxable income, it is subject to several adjustments:
- either because certain profits are exempted (see below: tax exempted reserves and dividends),
- because certain expenses which have lowered the financial results are not tax deductible (see below "disallowed expenses"),
- because the tax depreciation does not correspond to the financial depreciation,
- or because assets have been undervalued and liabilities overvalued.

In addition to these differences, we may add those relating to specific tax deductions.

The adjustments and deductions allowing the calculation of the net taxable profit on the basis of the financial profit, take place in the following order:
- addition of the three elements making up the taxable profit: reserves, disallowed expenses and distributed profits (see 2.3.1.);
- breakdown of profits according to their origin (Belgian or foreign) (see 2.3.2.);
- deduction of non-taxable items (see 2.3.3.);
- deduction for participation exemption and for exempted movable income (see 2.3.4.).
Part I: Direct taxation

Corporate income tax
income year 2017

- deduction for patent income
- and deduction for innovation income (and carry-forward) (see 2.3.5.);
- allowance for corporate equity (see 2.3.6.);
- deduction of previous losses (see 2.3.7.);
- investment deduction (see 2.3.8.);
- deduction of the stock of carried-forward allowances for corporate equity (see 2.3.9.).

The net taxable profit thus calculated is taxed globally.

Diagram of CIT
Assessment of tax base

Book profit
Total result before taxation

Undistributed profits
Distributed profits

Undistributed profits
Distributed profits

Exempted reserves

Disallowed expenses
Taxable undistributed profits
Taxable distributed profits

Various adjustments: adjustment of provisions, of depreciations, of amortisations, of evaluations of assets and liabilities

Addition of the components of taxable profit

- Non-taxable elements
- Participation exemption and exempted income from movable property
- Deduction for patent income
- Deduction for innovation income
- Allowance for corporate equity
- Previous losses
- Investment deduction
- Deduction of the stock of carried-forward allowances for corporate equity

Exempted foreign profits (Double taxation agreements)

Taxable profits
2.3.1. The components of taxable profit

A. Retained earnings

As a general rule, any net increase in company assets is considered a taxable profit. Slush funds are to be added to disclosed reserves (accounting reserves); exempted reserves are then singled out in order to ascertain the amount of the taxable reserves.

DISCLOSED RESERVES

In principle, any retained earnings contribute to the accruing of taxable profits, whatever name they are given: legal reserves, available reserves, unavailable reserves, statutory reserves, provisions for risks and expenses, reserves carried forward, etc.

UNDISCLOSED RESERVES

Under-valuation of assets and overvaluation of liabilities constitute hidden reserves which are also part of the taxable profit.

Depreciations exceeding the depreciation limits allowed by the tax code and underestimations of inventory constitute underestimations of assets. A notional debt is a case of overvaluation of liabilities.

EXEMPTED RESERVES

Capital gains

The exempted portion of capital gains (78) is considered an exempted reserve if the intangibility condition is met. Moreover, the exemption is only awarded where the capital gains appear in a separate account.

Provisions for risks and expenses

Certain provisions can also be exempted: they must relate to specifically defined risks and expenses. The expenses they are to meet must, by their very nature, be professional expenses for the year in which they are to be borne. The formation of these provisions must be justified:

- either by events having occurred in the course of the financial year;
- or by a periodicity of expenses lasting beyond the year but not exceeding 10 years (provisions for overhaul or important repairs).

Depreciation of debts receivable

The depreciation of debt-claims is deductible in total as professional expenses when the loss is certain and conclusive. In the case of a depreciation relating to a probable loss, the debt-claim must result from the professional activity and be identified and justified case by case.

---
78 See pages 140 and following.
Part I: Direct taxation

Corporate income tax
income year 2017

Share premiums and capital subscription reserves

Share premiums and capital subscription reserves are exempted if they are incorporated in the capital or appear in an unavailable reserve account and so satisfy the same unavailability condition as the share capital.

Profits exempted in the framework of the tax shelter agreement for audiovisual work

Sums paid up for the financing of the production of audiovisual work have been entitled to exemption from CIT in the framework of the tax shelter agreement.

This exemption system is based on one or several framework agreement(s) entered into with a view to the financing of audiovisual productions. This agreement is concluded between the company producing the audiovisual work and the company or companies financing it.

The eligible production company should be another resident company or Belgian establishment of a Belgian taxpayer referred to in Article 227, 2° Income Tax Code 92 (79) than a broadcasting company or a company related to Belgian or foreign broadcasting companies. As regards framework agreements signed as from 1 July 2016, the company related to Belgian or foreign broadcasting companies but which commits itself not to sign framework agreements to produce an entitled work for which broadcasting companies enjoy some advantages directly linked to the production or operation of the eligible work.

Since 1 January 2015, investments not only in Belgian audiovisual productions but also in European audiovisual productions, with a maximum use in Belgium. The fiscal value of the tax shelter certificate has been fixed at 70% of the qualifying production and operating expenses, made in the EEA, provided that this percentage corresponds to expenses directly linked to the production and operation, with maximum 10/9 of the production and operating expenses made in Belgium. Those expenses must have been made within maximum 18 months following the date on which the framework agreement was signed. As far as animation films and animation TV-series are concerned, the 18-month period has been extended by 6 months.

As regards framework agreements signed as from 1 July 2016, expenses made within the 6 months preceding the conclusion of the framework agreement for the eligible work and related to the production and operation of this work, are considered as eligible expenses, provided that the eligible production company can notably prove the need to make those expenses before and not after the above-mentioned conclusion.

Are considered as “audiovisual work”:
- fiction, documentary or animation films intended for distribution;
- TV fiction films, as appropriate in episodes (80);
- fiction or animation TV-series;
- documentary TV films;

---

79 Foreign companies and associations, institutions or bodies without legal status, which have been set up in a legal form similar to a Belgian company and which do not have a head office, principal place of business or place of management in Belgium.

80 Fiction films broadcast in 52 minutes or less can qualify as recognised audiovisual works for purposes of the tax shelter legislation, on condition that the fiction film as a whole is longer than 52 minutes.
TV-series intended for children and youth, i.e. educational, cultural and informative fiction series intended for a target group of children and youth between 0 and 16 years;

short films, with the exception of advertising short films.

Moreover, international productions included in the category fiction, documentary or animation films intended for cinemas, are also considered as eligible audiovisual work, under some conditions.

The investment can take the form of a loan or of an acquisition of rights related to the production and/or distribution of the audiovisual work. The total amount of the loans allocated may not exceed 40% of the global sums used by the company in compliance with the framework agreement.

The framework agreement should notably mention the estimated expenses necessary for audiovisual work by distinguishing the proportion borne by the eligible production company from the proportion financed by the other parties to the framework agreement. For framework agreements entered into as from 1 January 2015, the production companies must beforehand be recognised by the Minister of Finance. Those agreements must also be notified to the FPS Finance within the month of the signing.

The profits are temporarily exempted provided the following conditions are notably met:

- up to 310% (81) of the amounts the investor committed himself to pay, and actually paid, within the three months of the signing of the agreement;
- in any case, the final exemption is limited to 150% (82) of the tax value of the tax shelter certificate;
- the final amount of the sums allocated to the implementation of the framework agreement in exemption of profits may not exceed 50% of the total expenses budgeted for the eligible work for all eligible investors and the total sums must actually be allocated to the implementation of the budget;
- the total tax value of the tax shelter certificates per eligible work can no longer exceed 15 million euro;
- per taxable period, the exemption may not exceed 50% per work, with a maximum amount of 750,000 euro per investor and per year, of the taxable reserved profits of the taxable period, fixed before the exempted reserve in question has been built up (83);
- the tax-exempted profits must be booked in an unavailable reserve account (intangibility condition) on the liabilities side of the balance sheet and may not be used for the computation of any remuneration or allocation;
- at least 70% of the total eligible production and operation expenses made in the European Economic Area must be expenses directly related to production and operation.
- at least 70% of the total eligible production and operation expenses made in Belgium must be expenses directly related to production and operation.

This exemption becomes definitive if the tax shelter certificate has actually been provided by the FPS Finance at the latest on 31 December of the fourth year following the year in which the framework agreement was signed.

81 356% as from 1 January 2018 and 421% as from 1 January 2020.
82 172% as from 1 January 2018 and 203% as from 1 January 2020.
83 The part of the sums entitling to tax-exemption that cannot be exempted because of lack or insufficiency of profits, is carried forward to the next taxable periods.
For the period between the date of the first payment and the moment when the tax shelter certificate has been provided – but this period cannot exceed 18 months – an amount, calculated on the basis of the amounts actually paid, can be granted by the eligible production company to the eligible investor, in proportion to the number of days accrued and on the basis of an interest rate which does not exceed the average EURIBOR 12-month rates of the last day of each month of the calendar half-year preceding the payment, increased by 450 base points.

The above-mentioned system has been extended to the financing of dramatic works, such as theatre, circus, opera, music, danse, cabaret productions of which the scenario, text, production or scenography is either original or reinterpreted.

This new system applies to framework agreements signed as from 1 February 2017.

Production and operations expenses in Belgium must have been made within maximum 24 months following the date on which the framework agreement was signed for the delivery of the tax shelter certificate in order to produce the work and at the latest 1 month after the premiere of the dramatic work.

Unlike what applies to audiovisual works, expenses made within 6 months preceding the date on which the framework agreement related to the dramatic work was signed, are never eligible.

The limitation to 50% and the upper limit of 750,000 euro apply jointly to both tax shelter systems (audiovisual and dramatic works).

The total fiscal value of the tax shelter certificates amounts to maximum 2,500,000 euro per eligible work (84).

**Investment reserve**

The possibility to constitute an exempted investment reserve is open to SMEs as defined in the Corporation Code.

The exempted amount of the investment reserve is calculated in function of the variation of the reserved taxable results. These contain not only the (accounting) non-distributed profits but also the undisclosed reserves.

---

84 For further information about the tax shelter system for audiovisual work, it can be referred to the recent FAQs available via the following link: https://finances.belgium.be/fr/entreprises/impos_des_societes/avantages_fiscaux/tax-shelter-production-audiovisuelle?q=5 (only available in French and Dutch).
The variation of the taxable reserves is computed before each increase of the starting situation of the reserves and is reduced by:

- the exempted capital gains on shares,
- the reduction in the paid-up capital,
- the increase in the company’s claims on natural persons retaining parts in the company or on persons carrying out the duty of a manager, a liquidator or any similar function.

The result obtained is limited to 37,500 euro and can be exempted up to 50%.

The reserve actually constituted must be booked in an unavailable separate account of the liabilities (intangibility condition).

Within three years, the company must invest an amount equal to the investment reserve in tangible or intangible fixed assets entitling to the investment deduction (85). This three-year period starts the first day of the taxable period in respect of which the investment reserve was constituted. If this investment condition is not met, the investment reserve will be considered as profit of the taxable period during which the three-year investment period expires.

SMEs benefiting the investment reserve have to choose between this reserve and the allowance for corporate equity (see page 115).

**Exempted regional aid**

By way of derogation from the general system which includes regional aid in the tax base (86), the Act of 23 December 2005 exempts some aid measures granted by the Regions to companies. Are concerned:

- back-to-work bonuses and progression-to-work bonuses granted to companies by the competent regional institutions.
- capital subsidies and interest subsidies.

These subsidies are granted by the Regions in the context of their laws of economic expansion for the acquisition or constitution of tangible or intangible fixed assets. Are also concerned, subsidies granted by the competent regional institutions in the context of R&D aid.

Where a subsidised asset is transferred within the first three years of the investment, the amount of formerly exempted profits is considered as a profit obtained in the taxable period during which the asset is transferred (except in case of disaster, expropriation, etc.).

**B. Deductibility of expenses and disallowed expenses (DE)**

The general principle of deductibility of expenses is the same as with PIT (87).

Expenses paid for enterprise crèches are deductible within the limits and conditions set out in chapter 3 (88).

85 See below, page 115.
86 See chapter 3, page 139.
87 See above, page 42.
88 See below, page 143.
Will be mentioned hereafter only the cases where the accounting charges are not deductible and are incorporated in the basis of assessment as “disallowed expenses”. The latter also include certain withdrawals of exemptions previously granted.

Are mainly concerned:
- non deductible taxes,
- fines, penalties and confiscations of any kind,
- certain interests on loans,
- abnormal or benevolent advantages,
- social benefits in respect of which the beneficiary is exempted from taxation,
- gifts,
- withdrawal of exemption for additional staff,
- certain specific professional expenses,
- writedowns on share participations, except in the case of full distribution of company assets (89),
- certain pensions and pension contributions,
- amounts attributed within the framework of employee equity participation and employee participation in profits and enterprise results (90).

Some of these elements are explained hereafter.

**Depreciation rules** are described in Chapter 3 (91). Among the differences between accounting depreciation and tax depreciation are: the obligation to depreciate the assets *pro rata temporis* in the accounting year of their acquisition and the obligation to depreciate supplementary expenses at the same rate as the principal. Neither of these restrictions applies to SMEs such as they are being defined in the Corporation Code.

---

89 Where the reduction in value results from the full distribution of the assets of the company having issued the shares, the deductibility is maintained up to the share capital actually paid up represented by the shares in that company.

90 This system is described in the annex to this chapter.

91 See Chapter 3, page 133.
SMEs such as defined in the Corporation Code

The European Directive 2013/34/EU of 26 June 2013, which provides for different systems for micro-, small, medium-sized and large companies, has been transposed into Belgian accounting law. The tax consequences of the new definition of SMEs introduced in accounting law impact the taxable periods as from 1 January 2016.

According to amended Article 15 of the Corporation Code, “small companies” are companies possessing legal personality, where no more than one of the following criteria is exceeded on the balance sheet date of the last tax year ended:

- annual average of the number of workers: 50
- annual turnover (excl. VAT): 9,000,000 euro
- balance sheet total: 4,500,000 euro

The principle according to which a company can never be considered as a small company if the number of employed workers exceeds 100 does no longer apply.

The consolidated application remains applicable at tax level while under accounting law, according to the new definition of SMEs, the criteria must no longer be applied on a consolidated basis.

DEDUCTIBILITY OF TAXES

Corporate income tax (fairness tax included) and the related crisis surcharge (CS), advance payments and allowable withholding taxes (92) levied or determined on income included in the tax base are not deductible. This is also the case as regards interest on late payments, fines and prosecution expenses related thereto.

On the other hand, the tax levied on secret commissions is deductible (93). The withholding tax on real estate due by companies for real property they own is also a deductible expense.

Are also non-deductible: taxes, fees and public service charges due to the Regions, as well as the surcharges, penalties, charges and default interests related to them. The non-deductibility applies to the Regions’ own taxation (94) but not to the regional taxes (former federal taxes in respect of which the competences have been transferred entirely or partly to the Regions, notably registration duties, inheritance tax, withholding tax on real estate, opening tax on drinking establishments, taxes on vehicles) (95).

92 FTTC is assimilated to a withholding tax and is therefore included in the tax base as a disallowed expense. Only the chargeable amount is included in the DE and it may be limited pro rata temporis (see page 122).
93 The separate tax levied on secret commissions becomes non-deductible under the CIT reform.
94 The own regional taxes are not deductible in respect of corporate income tax, with the exception of those relating to the use of vehicles or of public roadway, among which the regional kilometre tax.
95 I.e. taxes referred to in Article 3 of the Special Law of 16 January 1989 concerning the financing of Communities and Regions.
DEDUCTIBILITY OF INTERESTS ON LOANS

There are four cases where interests on loans are not deductible:

- interests attributed to associates or directors in respect of advances granted to the company: these advances can be considered as dividends, according to the conditions explained hereafter in the section related to taxable dividends (96),
- interests considered “exaggerated”,
- application of the thin capitalisation rule,
- the consequence of the failure to comply with the permanency condition in the matter of participation exemption.

Interests are considered “exaggerated” to the extent that they exceed an amount corresponding to the market rate of interest adjusted on the basis of particular elements such as the risk involved in the operation, the debtor’s financial situation and the term of the loan (97).

This eligibility for non-deduction applies to interests on bonds, loans, debt-claims and other certificates representing amounts borrowed. It applies neither to interest on loans issued by a public call for funds nor to sums paid by or to financial institutions.

The thin capitalisation rule adds to the two previous rules. It only applies to interests which have not been assimilated to dividends and which have not been considered “exaggerated”. These interests are considered non-deductible where the beneficiary is not liable to a common tax system or benefits a tax system which derogates from the common tax system.

The system also applies where the actual beneficiary of the interest is part of a group to which the debtor belongs. These interests are considered disallowed expenses to the extent that the balance of the interest-yielding loans exceeds five times the sum of the taxed reserves existing at the beginning of the assessment period and the paid-up share capital existing at the end of the taxable period. This rule does not apply notably to interests on loans issued by a public call for funds.

BENEVOLENT OR ABNORMAL ADVANTAGES

Are concerned here advantages granted to companies established abroad with which the company has direct or indirect ties involving interdependence, or to companies which are subject, in their country of residence, to a tax system which is considerably more advantageous.

GIFTS

All gifts are considered disallowed expenses. However, some of them can be deducted from the taxable profits where they entitle to a tax credit for gifts (see below 2.3.3.).

---

96  See infra, page 106.
97  The burden of proof lies with the taxpayer.
Part I: Direct taxation

WITHDRAWAL OF THE EXEMPTION FOR ADDITIONAL STAFF

Taking on additional staff can entitle to a tax exemption (see below 2.3.3.).

This exoneration is withdrawn however when the staff in question is subsequently reduced.

CAR EXPENSES

With the exception of fuel expenses of which the deductibility has been fixed to 75%, the other expenses relating to the use of cars, twin-purpose vehicles, vans and minibuses other than those exclusively used for paid conveyance of passengers, are deductible as professional expenses up to a percentage depending on the CO₂ emissions per kilometre and the type of vehicle (diesel / petrol / electric).

Are not concerned:
- vehicles exclusively used as taxis or for self-drive hire and which are therefore exempted from the circulation tax;
- vehicles used for car driving lessons via driving schools;
- vehicles exclusively leased to third parties.

The deductibility of car expenses is computed according to CO₂ emissions per kilometre.

Table 2.1.
Deductibility of car expenses

<table>
<thead>
<tr>
<th>CO₂ emissions g/km</th>
<th>Diesel vehicles</th>
<th>Petrol vehicles</th>
<th>Deduction rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 60</td>
<td>0 - 60</td>
<td>0 - 60</td>
<td>120% (*)</td>
</tr>
<tr>
<td>61 - 105</td>
<td>61 - 105</td>
<td>90%</td>
<td></td>
</tr>
<tr>
<td>106 - 115</td>
<td>106 - 125</td>
<td>80%</td>
<td></td>
</tr>
<tr>
<td>116 - 145</td>
<td>126 - 155</td>
<td>75%</td>
<td></td>
</tr>
<tr>
<td>146 - 170</td>
<td>156 - 180</td>
<td>70%</td>
<td></td>
</tr>
<tr>
<td>171 - 195</td>
<td>181 - 205</td>
<td>60%</td>
<td></td>
</tr>
<tr>
<td>&gt; 195</td>
<td>&gt; 205</td>
<td>50% (**)</td>
<td></td>
</tr>
</tbody>
</table>

(*) The deductibility amounts to 120% for vehicles without CO₂ emissions, i.e. 100% electric vehicles.
(**) If there are no data available about CO₂ emissions of the vehicle, the 50% rate applies.
NON-DEDUCTIBILITY OF SPECIFIC PROFESSIONAL EXPENSES

Are especially concerned here:
- expenses and charges exceeding professional needs to an unreasonable extent,
- expenses in respect of clothing with the exception of specific working clothes,
- 31% of restaurants bills,
- 50% of business-related reception expenses and business gifts.

TAX SYSTEM AS REGARDS PENSIONS AND PENSION CONTRIBUTIONS

Payments with a view to constituting an extra-statutory pension are deductible only to the extent that they relate to compensations paid with a regularity similar to that with which compensations chargeable to the results of the taxable period are paid to the personnel. Payments relating to compensations granted by the general meeting of shareholders, or placed on a current account, are therefore not deductible.

The payments shall be irredeemable and shall be made, outside any statutory obligation, to an insurance company, a provident institution or an institution for occupational retirement provision established in one of the Member States of the European Economic Area.

However, the deduction of these contributions is granted only to the extent that the statutory and extra-statutory allowances converted into an annuity upon the beneficiary’s retirement (98), added to the other amounts the retirement entitles to, do not exceed 80% of the latest annual ordinary gross remuneration of a “normal” career (as a rule 40 years).

EMPLOYEE EQUITY PARTICIPATION AND EMPLOYEE PARTICIPATION IN PROFITS AND ENTERPRISE RESULTS

The amounts attributed by the company are considered as disallowed expenses. Annex 1 to this chapter provides for a description of the calculation of the taxable amounts.

No deduction for gifts, for participation exemption, for patent income, no allowance for corporate equity, no deduction of previous losses or investment deduction can be made on the amount thus considered as a disallowed expense.

PUTTING AT DISPOSAL OF A COMPANY CAR

Car expenses are considered as disallowed expenses for a percentage (99) of the benefit in kind resulting from the private use of a vehicle put at disposal by the employer:
- 17% of the taxable amount of the benefit in kind where fuel expenses linked to personal use are not incurred by the employer;
- 40% of the taxable amount of the benefit in kind where fuel expenses linked to personal use are partially or totally incurred by the employer.

---

98 To the exclusion of allowances in respect of individual life insurance contracts.
99 This percentage applies to the gross amount of the taxable benefit in kind, irrespective of the employee’s possible personal contribution.
C. Distributed dividends

Dividends distributed by share companies are included in the taxable base.

Interest assimilated to dividends

Any interest on advances and loans granted to companies can be assimilated to dividends when the advance or loan is given:

- by a natural person retaining parts in the company;
- by persons holding a managing function in the company, as well as by their spouses and dependent under-age children.

The interest received is then assimilated to a dividend if and to the extent that:

- the interest allocated exceeds the limit set in Article 55 of the Income Tax Code 1992 taking into account the market rate of interest (100),
- the total amount of interest-yielding advances exceeds the total amount represented, at the beginning of the taxable period, by the paid-up capital at the end of the taxable period increased with the taxed reserves at the beginning of the taxable period.

This assimilation to dividends and income from invested capital implies that the amounts in question are not deductible in respect of corporate income tax and are subject to the withholding tax on income from movable property at the rate applicable to dividends (101).

Repurchase of own shares, total or partial distribution of company assets

Distributed dividends also include allocations made upon the acquisition of own shares (102). The rate of the withholding tax on movable property has been fixed at 30% of the payments defined as dividends in Art. 186 of the Income Tax Code 1992, i.e. acquisition surpluses.

In the event of a (total or partial) distribution of company assets (103), the payments shared out are considered as distributed profits in respect of the quota exceeding the outstanding share capital effectively paid up, after re-evaluation, if any. The surplus is taxable as liquidation surplus and a withholding tax amounting to 30% of the amount considered as a distributed dividend is levied (104).

2.3.2 Breakdown of profits

Taxable profits made up of the sum of reserves, disallowed expenses and dividends are subsequently broken down into two categories:

- The first category concerns profits earned in Belgium which are taxable at the full rate, and foreign profits from a country Belgium has not concluded a double taxation agreement with.

100 See above “disallowed expenses”.
101 This provision does not apply to interest allocated by the cooperative companies recognised by the National Cooperation Council, nor to interest from bonds issued through a public call for funds.
102 The conditions and rules applicable in the event of a repurchase of own shares are described in Art. 186 of the Income Tax Code 1992.
103 The provisions relating to the distribution of company assets are also applicable when the head office or the place of management is transferred abroad.
104 Those rates of withholding tax on income from movable property are those in force for tax year 2018.
106 The Tax Survey should not be considered as an administrative circular, no rights can be founded on it.

January 2018 issue.
Part I : Direct taxation

Corporate income tax
income year 2017

The second category concerns foreign profits from a country Belgium has concluded a double taxation agreement with and which are exempted from CIT. The second category is not taken into consideration in the calculation of the tax base.

2.3.3. Non-taxable items

The following are deducted:

- the 15,660 euro exemption awarded for each additional staff member appointed in Belgium to a managing function in the “Export” department or in the “Total quality management” department (105);
- exemption of 40% for the remunerations paid or allocated to workers in respect of whom the employer benefits a trainer's bonus (106);
- the 5,830 euro exemption for each additional staff member in SMEs (107);
- gifts. The deduction of gifts can, however, exceed neither 5% of the taxable profit as computed in 2.3.1., nor 500,000 euro.

2.3.4. Participation exemption and exempted income from movable assets

A. Participation exemption

INCOME DEDUCTIBLE AS PARTICIPATION EXEMPTION

Participation exemption can be granted for:

(a) dividends;
(b) acquisition and liquidation surpluses, inasmuch as they constitute a dividend to which articles 186 (acquisition of own shares), 187 (partial repayment of a company’s capital) or 209 (total repayment of a company’s capital) of the Income Tax Code 1992, or similar provisions in foreign law apply (108).

EXCLUSIONS

Statute law provides five cases of exclusion:

1° The first case of exclusion concerns income allocated or assigned by companies which are not liable to CIT or to a similar foreign tax, or which are established in countries offering a legally established tax system which is markedly more advantageous than the Belgian system.

106 See Chapter 3, page 139.
108 The participation exemption system can apply to accounting capital gains realised from shares in SICAVs/BEVEKS entitled to the participation exemption system (SICAV/BEVEK 90%) (circular Ci.RH. 421/506.082 of 31.05.2006 and decision ARS (advance ruling service) n° 500.156 of 24.11.2005).
Part I : Direct taxation

Corporate income tax
income year 2017

2° The second case of exclusion concerns income allocated or assigned by financing companies (109), money market funds (110) or investment companies (111) which, although they are liable to a tax similar to CIT in the country in which they established their fiscal residence, are subject to a tax system which derogates from the common tax system.

2°bis It also concerns income allocated or assigned by closed-ended investment companies investing in real estate, regulated real estate companies or foreign companies which, although they are liable to a tax similar to CIT in the country in which they established their fiscal residence, are subject to a tax system which derogates from the common tax system, insofar as real estate income was notably not liable to CIT or to a similar foreign tax, or are subject to a separate tax system which derogates from the common tax system.

3° The third case of exclusion allows upstream control: the participation exemption is not granted to income other than dividends, obtained by the distributing company itself from companies established abroad, inasmuch as that income has benefited a tax system derogating from the common tax system.

4° The fourth case of exclusion also allows upstream control of the distributing company: the participation exemption is not granted insofar as the distributing company has obtained capital gains through one or more companies established abroad and benefiting globally a tax system which is 'markedly more advantageous' than the one the capital gains would have been subject to in Belgium (112).

5° The last case of exclusion concerns income obtained by companies, not being investment companies, distributing at least 90% of the dividends to which the first four exclusions apply.

A tax system is considered ‘markedly more advantageous’ when the normal CIT rate or the effective tax burden is lower than 15%. The common right fiscal provisions applicable to companies located in the European Union are deemed not to be markedly more advantageous.

However, law stipulates limitations of the five cases of exclusion:

1° Case 1 does not apply to dividends attributed or paid by inter-municipal associations, cooperation structures, “associations de projet”/”projectverenigingen” (cooperation structure with legal status created for a renewable period of six years by at least two municipalities in order to manage joint projects), autonomous municipal companies and associations operating a hospital or an institution assisting war victims, disabled persons, the elderly, etc.

2° Case 2 does not apply to investment companies whose statutes provide for an annual distribution of at least 90% of the income obtained or capital gains realised.

3° Neither case 2 nor case 5 apply to finance companies having established their residence in one of the member states of the EU, as regards legal business or profit-making activities and insofar as the company is not overcapitalised.

4° Case 5 does not apply where the distributing company is noted on a European stock exchange and is liable to CIT in a country with which Belgium has concluded a double taxation agreement.

109 A financing company is any company whose activities consist exclusively or mainly in performing financial services for companies which, neither directly nor indirectly, form a group with the services providing company.

110 A money market fund is any company whose activities exclusively or mainly consist in investing cash funds.

111 An investment company is any company whose activities exclusively consist in investing mutual funds.

112 Will not be considered to have benefited a “markedly more advantageous system”, capital gains taxed at a rate of not less than 15% in countries with which Belgium has concluded a double taxation agreement.

The Tax Survey should not be considered as an administrative circular, no rights can be founded on it.
January 2018 issue.
Part I : Direct taxation

Corporate income tax
income year 2017

Participation threshold

Another requirement is that, at the time of the attribution or payment of the dividends, the shareholding company holds a participation in the capital of the issuing company amounting either to not less than 10% of the latter’s capital or to not less than 2,500,000 euro.

This participation threshold does not apply to income received by investment companies and allocated or assigned by them, and to income allocated or assigned by inter-municipal associations.

Permanency condition

Deduction for participation exemption is only granted in respect of shares in participations which have been held by the company for an uninterrupted period of one year at least.

Deductible amount

The deductible amount is set at 95% of the income, before deduction of the withholding tax.

The deduction is applied to the amount of the proceeds remaining after the third operation, whereupon it is understood that the following disallowed expenses are to be taken out (113):

- ‘non-deductible’ gifts;
- fines and penalties;
- certain specific professional expenses;
- non-deductible proportion of fuel expenses;
- exaggerated interests;
- abnormal or benevolent advantages;
- social benefits;
- contributions to pension savings schemes.

These disallowed expenses are not to be taken out of the base to which the participation exemption applies, if the dividend is allocated or attributed by a company established in a Member State of the European Economic Area.

The advantages which are not deductible as professional expenses and granted in the context of some private or public corruptions are also to be taken out of the base to which the participation exemption applies.

Moreover, no deduction can apply to the amounts of employee equity participation or employee participation in profits and enterprise results, considered as disallowed expenses.

---

113 This is made in order to prevent amounts from being deducted from those disallowed expenses because it would imply their non-taxability.
CARRY-FORWARD OF PARTICIPATION EXEMPTION SURPLUSES

In case of lack or insufficiency of taxable profit remaining after the “third operation”, the remaining participation exemption can be carried forward to the next taxable periods, as a consequence of the “Cobelfret” judgment of the European Court of Justice (114).

The Court indeed considered that the non-carry-forward of the participation exemption surpluses as envisaged in the Belgian participation exemption system, was contrary to the Mother-Subsidiary Directive aiming at avoiding economic double taxation.

The carry-forward of participation exemption surpluses applies to dividends allocated or assigned by a company established at the time of the distribution:

- in a Member State of the European Economic Area (115), including Belgium;
- in a non-EU country with which Belgium has concluded a double taxation agreement including a clause providing for equal treatment as regards dividends;
- in another non-EU country than those mentioned above, provided the principle of free movement of capital applies to capital producing the dividends in question.

B. Exempted income from movable property

Income from preference shares in the Belgian National Railway Company (SNCB/NMBS) and income from tax exempted bonds (issued prior to 1962) are also deductible.

2.3.5. Deduction for patent income and deduction for innovation income

2.3.5.1 Deduction for patent income

The deduction for patent income has been abolished. However, a transitional five-year system (30 June 2021 at the latest) has been introduced.

Are taken into consideration: the patents or supplementary protection certificates registered by the company itself and that have been developed, wholly or partially, in the R&D centres of the company, as well as the patents, supplementary protection certificates or licences acquired by the company provided they had been improved in the R&D centres of the company.

However, the system has been made more flexible for SMEs (as defined in Article 15 of the Corporation Code) as it is no longer necessary for those companies to have a research centre constituting a separate branch of activities of the company.

“Patent income” means as well the income stricto sensu notably derived from the granting of licences, as the income which would have been received from a third party by the company having exploited patents on its own behalf. The income must be assessed on the basis of the remuneration which would have been agreed between independent companies.

The qualifying income must be included in the taxable income and the following expenses must be deducted:

- amortisation charge for the taxable period, on the investment value or cost price of the patents, provided it is deducted from the basic amount which is taxable in Belgium;

115 Or of the European Community as regards dividends allocated or made payable before 01.01.1994.
110 The Tax Survey should not be considered as an administrative circular, no rights can be founded on it. January 2018 issue.
compensation owed to third parties pertaining to these patents, deducted from the taxable result in Belgium.

The so determined income enjoys a 80% exemption. In case of insufficiency of profits, the balance of the deduction for patent income cannot be carried forward to the next taxable periods.

2.3.5.2 **Deduction for innovation income**

2.3.5.2.1. **Background and transitional system**

The deduction for patent income has been abolished by the law of 3 Augustus 2016. It has been replaced by the new system relating to the deduction for innovation income. This new system has been applied as from 1 July 2016.

However, a transitional system has been introduced until 30 June 2021 for patents and supplementary protection certificates provided or applied for before 1 July 2016.

The choice to apply this system can be made per intellectual property right, but it is irrevocable so that the transitional provision introduced for the deduction for patent income cannot apply to the company. The transitional system does not apply to some intellectual property rights received from associated companies as from 1 January 2016.

The deduction for innovation income can be combined with the investment deduction relating to the same intellectual property right.

Both deduction for patent income and deduction for innovation income apply per intellectual property right.

The old deduction for patent income can only apply if no deduction for innovation income has been applied to the patents concerned (change in the transitional system, applicable as from 1 January 2018).

2.3.5.2.2. **System relating to the deduction for innovation income**

As regards intellectual property rights applied for but not yet provided, a temporary exemption, which possibly becomes final afterwards, can be granted, provided that some conditions are met.

a) **Amount of the deduction for innovation income**

The amount of the deduction for innovation income is equal to the result of the following multiplication: net innovation income x reducing fraction \( (116) \times 85\% \).

In case of insufficiency of profits relating to a taxable period, the part which could not be deducted can be carried forward to the next taxable periods.

---

116 I.e. the ratio qualifying expenses / global expenses. This fraction is separately calculated for each eligible intellectual property right (or type/group of products/services), and as well qualifying expenses as global expenses are cumulated over the taxable periods. The qualifying expenses can be increased by 30%, but the quotient amounts to maximum 1.
b) Eligible intellectual property rights

It concerns intellectual property rights mentioned hereafter of which the company is the full owner, co-owner, usufructuary or holder of a licence or rights:

- patents;
- supplementary protection certificates;
- plants variety rights, applied for or acquired as from 1 July 2016;
- orphan medicinal products, limited to the first 10 years of registration in the Community register of orphan medicinal products, applied for or acquired as from 1 July 2016;
- data or market exclusivity granted by public authorities as from 1 July 2016;
- computer programmes protected by copyright, including derivative works or adaptations to existing computer programmes, resulting from research or development projects or programmes mentioned in Article 275³, § 3, Income Tax Code 1992, and which have not yet generated income before 1 July 2016.

(c) Innovation income concerned (in accordance with the arm’s length principle)

- licence fees;
- fees to be paid if goods or services would be produced or provided by a third party under a licence granted;
- fees to be paid if the production procedure, inextricably linked to the intellectual property rights, would be followed by a third party under a licence granted;
- compensation for real damages to be paid on the basis of a judicial or arbitration decision, an amicable agreement or an insurance contract, resulting from an intellectual property right infringement;
- the total sale price received when an intellectual property right is transferred, provided that some conditions are met.

Irrespective of the country of protection, world innovation income can entitle to the deduction for innovation income.

d) Determination of the net income

The net income is equal to the gross income relating to a taxable period, after deduction of the global expenses considered as costs or paid during the taxable period, and they relate exclusively to an eligible intellectual property right (or type/group of products/services).

Global expenses include qualifying expenses linked to the intellectual property right, but also:

- expenses relating directly to the acquisition of the intellectual property right;
- outsourcing costs regarding R&D activities to related parties, which directly relate to the intellectual property right;
- with the exclusion of indirect R&D expenses, interest and expenses relating to lands or buildings.
**Part I: Direct taxation**

**Corporate income tax**  
**Income year 2017**

**Qualifying expenses** are R&D expenses which directly relate to an intellectual property right:
- paid by the company itself;
- resulting from a R&D outsourcing to unrelated parties;
- paid to a related party which transfers them without profit to an unrelated party;
- paid to foreign fixed establishments;
- with the exclusion of indirect R&D expenses, interest and expenses relating to lands or buildings.

As regards the taxable period in which the deduction for innovation income has been fixed for the first time, not only the expenses relating to this taxable period but also those relating to previous taxable periods ended after 30 June 2016 (117) must be deducted.

### 2.3.6. Allowance for corporate equity

The allowance for corporate equity or tax system applying to notional interests (118) allows companies to deduct from their taxable profits a notional interest calculated on the basis of their corporate equity.

#### CALCULATION BASIS

The allowance for corporate equity is based on the amount of the adjusted net assets the company was holding at the end of the taxable period preceding the period in the course of which the deduction is applied for.

The eligible net assets correspond to columns I to VI of the liabilities: paid-up capital, share premiums, re-evaluation capital gains, reserves, retained earnings and capital subsidies.

This calculation basis is then the object of several adjustments (119), aimed at avoiding cascading deductions, at excluding assets that are not taxable in Belgium by virtue of double taxation agreements, and at preventing abuses such as the artificial incorporation of tangible assets in a company so as to increase the benefit from the allowance for corporate equity.

Shares held in treasury investments from which the income entitles to the deduction for participation exemption, are excluded from the basis for the calculation of the notional interests.

Following a judgment of the Court of Justice of the European Union (120), net assets related to foreign permanent establishments from which the income is exempted under a double taxation agreement, are no longer excluded from the basis for the calculation of the notional interests.

As to the variations in own resources registered during the taxable period, the risk capital taken into consideration is increased or diminished by the amount of these variations (calculated as a weighted average).

---

117 Those expenses preceding the first deduction period can be deducted in one go or spread linearly over maximum 7 subsequent taxable periods. In certain cases, a measure will apply to catch up this 7-year period.


120 Judgment C-350/11 of 04.07.2013 (“Argenta” judgment). The Court held that the exclusion of net assets of the foreign permanent establishment is contrary to European law regarding freedom of establishment, because this restriction does not apply to the assets of a Belgian permanent establishment of a Belgian company.
Part I: Direct taxation

Corporate income tax
income year 2017

RATE

The reference rate for the allowance for corporate equity is determined each tax year on the basis of the average rate of the 10-year linear treasury bonds (“OLO”) of July, August and September of the year preceding the year in which the financial year starts, i.e. the year 2016 for tax year 2018 (121).

The rate applicable in the tax year cannot deviate by more than 1 point from the rate applied in the previous tax year.

The rate has been set at 0.237% for tax year 2017. As far as SMEs are concerned, the rate has been set at 0.737%. Indeed, the rate of the allowance has been increased by 0.5 point for companies recognised as SMEs according to Article 15, §§ 1 to 6, of the Corporation Code (see page 102), in respect of the tax year covering the taxable period during which they have benefited from the allowance for corporate equity.

NON-ELIGIBLE COMPANIES

Are not eligible for the notional interest deduction:

- open-ended investment companies (“SICAV/BEVEKS”), closed-ended investment companies (“SICAF/BEVAKS”) and debt investment companies (“SIC/VBS”);
- participation cooperative companies set up in pursuance of the Act of 22.05.2001 concerning employee equity participation and employee participation in the profits of their enterprise;
- certain shipping companies.

CARRY-FORWARD FOR INSUFFICIENCY OF PROFITS

The allowance for corporate equity can only be set off against profits of the taxable period linked to the deduction and can therefore no longer be carried forward.

However, with respect to companies still having remaining allowances for corporate equity which can be carried forward on 31 December 2011 (or at the end of the taxable period linked to tax year 2012), the carry-forward within the deadlines previously provided for (122) remains possible; however, above one million euro, the carry-forward is limited to 60% of the remaining profits.

An extension of the carry-forward period is planned for the amounts which could not be deducted because of this 60% limit.

The deduction of the stock of carry-forwards is an integral part of the calculation of the corporate income tax (see 2.3.9.) and occurs after the deduction of previous losses and the investment deduction.

---

121 Moreover, a maximum rate of 3% has been set since tax year 2013.
122 Where profits were lacking or insufficient, the deduction not used could be successively carried forward to the profits of the subsequent seven taxable periods.
SMEs have to choose between the investment reserve and the allowance for corporate equity

SMEs, as defined in the Corporation Code, having constituted an exonerated investment reserve in the course of the taxable period, cannot combine this advantage with the benefit of the allowance for corporate equity, not only for the taxable period in question but also for the following two taxable periods.

2.3.7. Deduction of previous losses

Losses from previous taxable periods are deductible without any time limit.
A special disposition applies, however, where a company gets the contribution of a branch of trade of another company, or of the universality of its goods or when it absorbs another company (123).

2.3.8. Investment deduction

The applicable rates and the arrangements for investment deductions are detailed hereafter in chapter three. The allowance is notably in force:

- for “green” R&D investments, energy-saving investments, security investments and for patents;
- for investments aimed at the production of reusable packages and the recycling thereof;
- for investments aimed at the installation of smoke extraction systems or ventilation systems in hotels, restaurants and cafés;
- for digital investments;
- in the "spread deduction" form.

It must also be noted that the standard investment deduction at the basic rate has been reactivated for standard investments made by a company considered as a small company (as defined in Article 15, §§ 1 to 6, of the Corporation Code) for the tax year relating to the taxable period in which those investments have been made.

2.3.9. Deduction of the stock of carried-forward allowances for corporate equity

The amount considered as allowance for corporate equity cannot exceed 60% of the result remaining before this operation. This limit does not apply to the first million euro of this result. The carry-forward period of the amount which could not be deducted because of this limit, has been extended.

---

2.3.10. Provisions which are common to the deductions

None of the deductions mentioned in 2.3.3. to 2.3.9. can apply to:

a) the part of the taxable profits corresponding to received abnormal or benevolent advantages or received financial advantages or benefits in kind (124);
b) the amounts booked as employee participation in profits and enterprise results, considered disallowed expenses;
c) the basis of assessment of the special taxation on secret commissions;
d) the part of the taxable profits arising from the failure to respect the intangibility condition related to investment reserves.
e) the part of the profits used to pay the costs relating to car expenses for 17% / 40% of the benefit in kind resulting from the private use of a vehicle put at disposal by the employer.
f) capital gains to which the separate tax of 0.4% applies (see p. 120);
g) dividends to which the fairness tax applies (see p. 118).

2.3.11. Banks and insurance companies: additional tax contribution

Some taxes, limitations and contributions, to which credit institutions are subject, have been abolished and replaced by a new single annual bank tax included in the Code of miscellaneous duties and taxes and chargeable for the first time on 1 January 2016.

The measure, introduced as from tax year 2016, concerning the limitations applicable in the context of CIT to deductions for participation exemption, losses carried forward and the allowance for corporate equity, has been notably abolished.

The limitations applicable to deductions for participation exemption, losses carried forward and the allowance for corporate equity have been abolished as from tax year 2017. However, they remain applicable to insurance companies.

2.4. Computation of the tax

2.4.1. Common rate

CIT is payable at a rate of 33%.

2.4.2. Reduced rates

Reduced rates can be applied when the taxable profit does not exceed 322,500 euro.

---

124 “Received financial advantages or benefits in kind” means advantages which have been received in the framework of private or public “corruptions” and which cannot be deducted by the debtor.
Part I: Direct taxation

Corporate income tax income year 2017

Table 2.2.
Reduced CIT rates

<table>
<thead>
<tr>
<th>Taxable net profit</th>
<th>Rate applicable to this bracket</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 25,000</td>
<td>24.25%</td>
</tr>
<tr>
<td>25,000 - 90,000</td>
<td>31%</td>
</tr>
<tr>
<td>90,000 - 322,500</td>
<td>34.50%</td>
</tr>
<tr>
<td>322,500 and more</td>
<td>33%</td>
</tr>
</tbody>
</table>

In order to qualify for these reduced rates, a company must however fulfill a number of additional conditions relating to:

- the activities of the company,
- the shareholding of the company,
- the yield on the capital,
- the remuneration of their managers.

THE ACTIVITIES OF THE COMPANY

In order to qualify for the reduced rates, the company must, by law, fulfill one condition in respect of its activity. The company must not hold shares with an investment value exceeding 50% of either the revalued paid-up capital, or the paid-up capital increased by the taxed reserve and the accounting capital gains. The values taken into consideration are those on the closing date of the annual accounts of the shareholding company. The shares representing at least 75% of the paid-up share capital of the issuing company are not taken into consideration when determining whether the 50% limit is exceeded or not.

THE SHAREHOLDING OF THE COMPANY

Entitlement to the reduced rates is not granted to companies of which at least 50% of the shares are held by one or more other companies.

THE YIELD ON THE SHARE CAPITAL

Entitlement to the reduced rates is also denied where the dividend yield on the share capital effectively paid up which remains to be reimbursed at the beginning of the taxable period exceeds 13%.

THE REMUNERATION OF MANAGERS

In order to qualify for the reduced rates, the company is also obliged to charge, on the results of the taxable period, to one manager at least a remuneration which, if it is less than 36,000 euro, shall not be less than the company’s taxable income.

CASE OF COOPERATIVE COMPANIES RECOGNISED BY THE NATIONAL COOPERATION COUNCIL

A cooperative company approved by the National Cooperation Council can be entitled to the reduced rates even if it does not fulfill the conditions relating to:

- the shareholding of the company,
- the possession of shares in other companies,
- the remuneration of the managers.

The other conditions remain applicable.
2.4.3. Fairness tax

The fairness tax, or minimum corporate income tax, is a separate contribution applicable since tax year 2014. It applies to the cases where, for the same taxable period, dividends are distributed on the one hand, and the taxable income is reduced by the allowance for corporate equity and/or by offsetting carried-forward losses.

The rate of the separate contribution, or fairness tax, amounts to 5% (5.15% with the application of the crisis surcharge).

A company which is not a SME as defined by the Corporation Code is liable to the fairness tax where it distributes, for a determined financial year, dividends equal to a higher amount than the final taxable base to which the rate of the CIT applies.

The concept “dividends” includes ordinary dividends, repayments of share capital and repayments of share premiums. Dividends subject to the transitional rate of 10% (liquidation surpluses) are not liable to the fairness tax.

In its judgement of 1 March 2018, the Constitutional Court held that the fairness tax was unconstitutional. However, it partially maintained the effects of it for tax years 2014 to 2018.

**Tax base of the fairness tax**

Three steps must be distinguished:

**Step 1.** The gross taxable base of the fairness tax is equal to the difference between the gross amount of the dividends distributed for the taxable period and the final taxable income subject to the (ordinary or reduced) rate of the corporate income tax.

**Step 2.** Where the dividend distribution is accompanied by a withdrawal from previously taxed reserves, the taxable base is reduced by the amount of the withdrawal. The reduction applies first and foremost to the last introduced reserves.

Only withdrawals from reserves that have been built up and taxed until tax year 2014 included, lead to a reduction of the taxable base. The taxable base is not further reduced if there is a withdrawal from profits realised, undistributed and taxed as from tax year 2015.

**Example 1**

- Dividend distributed: 3,000
- Withdrawal from reserves taxed previously and at the latest during tax year 2014: 3,200

*In this case, the company is not liable to the fairness tax because the taxable base has been offset by the withdrawal from previously taxed reserves.*

**Step 3.** Limitation of the taxable base

The balance is then limited according to the following rate:

- in the numerator, the deduction of the carried-forward losses actually carried out for the taxable period and the allowance for corporate equity actually carried out for the same taxable period (125);

- in the denominator, the taxable income after the first operation (excluding writedowns, provisions and exempted capital gains).

The fairness tax at the rate of 5% applies to the base limited in this way.

---

125 The stock of notional interests is not taken into account.

118 The Tax Survey should not be considered as an administrative circular, no rights can be founded on it. January 2018 issue.
Part I: Direct taxation

Corporate income tax
income year 2017

Example 2

* undistributed profits: 1,000
* disallowed expenses: 200
* dividends: 300

Taxable income after the 1st operation = 1,500
* deduction for participation exemption: 700
* deduction of notional interests: 500
* deduction of previous losses: 250
* investment deduction: 50

Final taxable income = 0

Step 1. The gross taxable base of the fairness tax amounts to 300, i.e. the difference between the amount of the dividends and the final taxable base (300 - 0).

Step 2. There is no correction for a withdrawal from previously taxed reserves.

Step 3. The taxable base is then limited taking into consideration the deduction of losses and of notional interests in the numerator (500 + 250), and the taxable income after the 1st operation in the denominator (1,500). After calculation, the ratio is equal to 50% (750 / 1,500).

The final taxable base of the fairness tax amounts therefore to 150 (300 * 50%).

Separate contribution of 5% (fairness tax) = 7.5 (150 * 5%), to be increased by the crisis surcharge.

Example 3

* withdrawal from reserves: -1,000
* disallowed expenses: 100
* dividends: 3,000

Taxable income after the 1st operation = 2,100
* deduction for participation exemption: 100
* deduction of notional interests: 1,000
* deduction of previous losses: 1,000
* carry-forward allowance for corporate equity: 1,000

Final taxable income = 0

Step 1. The gross taxable base of the fairness tax amounts to 3,000.

Step 2. The correction to apply for a withdrawal from taxed reserves (at the latest during tax year 2014) is equal to 1,000, i.e. a taxable base amounting to 2,000.

Step 3. The taxable base is then limited taking into consideration the deduction of losses and of notional interests in the numerator (1,000 + 1,000), and the taxable income after the 1st operation in the denominator (2,100). After calculation, the ratio is equal to 95.23% (2,000 / 2,100).

The final taxable base of the fairness tax amounts therefore to 1,904.76 (2,000 * 95.23%).

Separate contribution of 5% (fairness tax) = 95.73 (1,904.76 * 5%), to be increased by the crisis surcharge.
2.4.4. Separate tax of 0.4%

A separate tax (0.4%, i.e. 0.412% with the crisis surcharge) applies to capital gains on shares held longer than one year, which are in principle totally exempted from the regular CIT, when realised by another company than a SME. This separate tax cannot be offset by tax deductions or losses. It is not deductible with respect to CIT.

2.4.5. Refundable tax credit for research and development

A refundable tax credit for R&D is granted for investments in patents and “green” R&D investments.

INVESTMENTS TAKEN INTO ACCOUNT

The refundable tax credit for R&D is granted for investments in tangible fixed assets newly acquired or constituted and in new intangible fixed assets, which are allocated in Belgium to the exercise of the corporate purpose.

CALCULATION BASIS

The present basis used for the calculation of the investment deduction, i.e. the investment value or yield value, is multiplied by the rate of the investment deduction, by distinguishing between the increased investment deduction and the spread investment deduction. Indeed, the refundable tax credit can be applied in one go or be spread.

This calculation basis is then multiplied by 33.99% (nominal rate of corporate income tax increased by the crisis surcharge).

Example:

Investment R&D of 1,000 euro
Investment deduction rated at 13.5% (tax year 2018, investment R&D)
Spread investment deduction rated at 20.5% (tax year 2018, investment R&D)
Nominal rate of corporate income tax fixed at 33.99% (crisis surcharge included)

Refundable tax credit applied in one go:
1,000 * 13.5% * 33.99% = 45.89 euro

Spread refundable tax credit (according to the accepted fiscal depreciation, e.g. over five years):
1,000 * 20% * 20.5% * 33.99% = 13.94 euro

ARRANGEMENTS

Assets invested in R&D shall be used to this end for the whole period of depreciation. Otherwise, a part of the granted refundable tax credit will have to be refunded.

INCOMPATIBILITY

Companies have to choose between the refundable tax credit for R&D and the investment deduction for patents or for “green” R&D investments. This choice is irrevocable.
**Part I : Direct taxation**

**Corporate income tax**

**income year 2017**

**EXCLUSION FROM ENTITLEMENT TO THE REFUNDABLE TAX CREDIT FOR R&D**

The provisions relating to the exclusion of some fixed assets from entitlement to the investment deduction, also apply to the refundable tax credit for R&D (126).

**CREDITING AND CARRY-FORWARD**

The refundable tax credit fully applies to corporate income tax. As appropriate, it can be carried forward successively to the subsequent four tax years.

**Table 2.3.**

*Offset ceiling of the R&D refundable tax credit*

<table>
<thead>
<tr>
<th>Total amount of the R&amp;D refundable tax credit to be carried forward</th>
<th>Offset limitation of the R&amp;D refundable tax credit to be carried forward per tax year</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 165,050 euro</td>
<td>none</td>
</tr>
<tr>
<td>from 165,050 to 660,180 euro</td>
<td>165,050 euro max.</td>
</tr>
<tr>
<td>660,180 euro and more</td>
<td>25% of carry-forward</td>
</tr>
</tbody>
</table>

**2.4.6. Crisis surcharge**

Owing to the introduction of the crisis surcharge, an additional 3% surcharge is levied on corporate income tax, for the benefit of the State only.

**2.4.7. Tax increase for lack or insufficiency of advance payments**

The tax increase for lack or insufficiency of advance payments is, as a rule, calculated in the same way as for the PIT (127), except that:

- the dates are calculated from the first day of the financial year and not from the first day of the calendar year;
- the base must not be raised to 106%;
- the increase is not reduced to 90%.

Companies considered as “small companies” within the meaning of Article 15, §§ 1 to 6, of the Corporation Code, are exempted from the tax increase during the first three financial years after their establishment (128).

**2.4.8. Crediting of withholding taxes**

**A. Repayable taxes and payments**

The following are set off against corporate income tax and repayable:

- advance payments;
- the withholding tax on income from movable assets.

**With respect to dividends**, the crediting of the withholding tax is made conditional upon the requirement that the recipient has the full ownership of the shares at the moment the income is granted or made payable. In addition, a company cannot set off the withholding tax on income

---

126 See Chapter 3, page 136.
127 See above, page 88.
128 See above, page 102.
from dividends when the attribution or payment of this income results in a writedown or a capital loss on the underlying shares.

With respect to interests, the crediting of the withholding tax on income from movable assets is only awarded, pro rata temporis, for the period during which the company has enjoyed full ownership of the securities.

B. Non-repayable taxes and payments

The withholding tax on real estate cannot be set off against CIT, but is to be considered as a deductible expense.

The fixed foreign tax credit (FFTC) can be set off against CIT but is not refundable. It relates to interests and royalties only.

As regards royalties, the creditable FFTC corresponds to the tax actually withheld.

As regards interests, it is determined as follows:
- the rate of the FFTC is no longer uniform, but depends on the tax actually levied abroad. This rate is obtained by dividing the tax actually paid abroad by the “border income”, and is limited to 15%;
- the amount thus obtained can be set off against CIT, but it cannot exceed the amount of CIT relating proportionally to the braking margin, which is the difference between the “border income” and the relating financial expenses.

The FFTC can be set off only as regards the period in which the company has detained full ownership of the goods or capital.

2.4.9. Special tax systems

A. Special tax on secret commissions

As a consequence of the reform of the secret commissions system, this tax is no longer used as a sanction but is now only used to compensate for Belgian income tax losses. As a result, the rate has strongly declined from 309% to 103% (100% + crisis surcharge). It has been reduced to 51.5% if it can be demonstrated that the beneficiary of the advantage is a legal person.

The separate tax does not apply to minor expenses which are no professional expenses (restaurant expenses, hospitality expenses, minor computer expenses, etc.).

As far as hidden profits are concerned, no tax increase applies when those profits are integrated, on own initiative, in the accounts relating to a financial year following the financial year during which they have been made.

The tax on certain hidden expenses and profits is only to be paid if the beneficiary’s identity has not been reported to the tax administration.

A separate tax must generally be paid on unreported expenses and profits, unless the taxpayer can demonstrate that:
- the amount of those expenses and profits is included in a return submitted in Belgium or abroad within the time limit, or
- the beneficiary has been unequivocally identified at the latest within 2 years and 6 months starting from the 1 January of the tax year concerned.
Part I: Direct taxation

Corporate income tax
income year 2017

In principle, the tax remains deductible as professional expense. If the expenses and profits are included in a return submitted by the beneficiary, no criminal or administrative sanction will apply for the non-justification via individual datasheets and a summary report. The new system came into force on 29 December 2014 and also applies to all disputes that are not yet finally settled on this date.

B. Liquidation reserve

Subject to a separate tax of 10% (which is added to the standard CIT and relates to the taxable period during which a liquidation reserve has been built up), SMEs, as defined in Article 15 of the Corporation Code (129), may build up a reserve which can be later distributed without being taxed (exemption from withholding tax on income from movable property and from PIT) upon liquidation of the company (liquidation surpluses).

This reserve must be recorded in one or several separate liabilities accounts. If dividends are distributed via a withdrawal from this reserve, before the liquidation of the company, the dividends are subject to the withholding tax on income from movable property at the following reduced rates:

- 20% if the distribution occurs during the first five years,
- 5% if the distribution occurs later.

The separate tax of 10% cannot be deducted as professional expense by the company concerned.

C. Special liquidation reserve

The possibility has been extended to profits relating to tax years 2013 and 2014. The programme-law of 10 August 2015 allows, as a transitional measure, small companies as defined in Art. 15 of the Corporation Code to build up a liquidation reserve up to all or part of the accounting profits after taxation of the financial years relating to tax years 2013 and 2014, provided a certain number of conditions are met, in particular the payment of a special 10% contribution, respectively for 15 December 2015 and 30 November 2016 at the latest.

The special liquidation reserve system has been extended to taxed reserves relating to tax year 2012 for certain companies keeping their accounts otherwise than per calendar year.

---

129 And for the years in which a company meets the criteria relating to small companies.
Part I: Direct taxation

Corporate income tax
income year 2017

The Tax Survey should not be considered as an administrative circular, no rights can be founded on it.
January 2018 issue.
ANNEX ONE TO CHAPTER TWO
EMPLOYEE EQUITY PARTICIPATION AND EMPLOYEE PARTICIPATION IN PROFITS AND ENTERPRISE RESULTS

The Act of 22 May 2001 established a taxation system which is deemed to promote employee equity participation and employee participation in the profits of their enterprise or of the group their enterprise is part of. The present annex briefly describes the principles of the said system and the fiscal provisions.

Principles of the system

The participation scheme is to respect certain conditions, the most important of which are explained hereafter.

It shall be set up through a collective agreement or, where the enterprise has no union delegation, through an acknowledgment of approval established by the employer and approved by the employees. It shall provide a procedure allowing the collection of the employees’ observations or remarks and, where necessary, a conciliation with the employer’s proposals.

All the employees shall be allowed to participate in the scheme. The collective agreement or acknowledgment of approval may impose a condition as to the length of service, provided the latter does not exceed one year.

At the end of the financial year, the total amount of the equity participation and participation in profits granted to the workers shall not exceed one of the following two limits: 10% of the gross total emoluments or 20% of the profit after taxation.

The participation scheme shall not be established in order to substitute or convert remunerations, bonuses, benefits or supplements stipulated in the collective or individual agreements.

The profit sharing scheme established by a “small company” such as defined in the Corporation Code, may take the form of an investment savings scheme, by virtue of which the benefits attributed to the employees by the company are put at the disposal of the company as a non-subordinated loan. The amounts lent bear interest, the rate of which can not be inferior to the interest borne by linear bonds having the same duration as the loan granted to the company. The loan shall be paid back within a period that shall not be less than two years nor exceed five years. The company is obliged to assign the received amounts to fixed assets during the same period.

In principle, no employers’ social contributions or employees’ social contributions are chargeable in respect of the sums allocated by the company in the framework of the participation scheme.

Taxation system

The sums allocated by the company in the framework of the participation plan are liable to corporate income tax as disallowed expenses. Neither are they considered a professional income nor a movable capital income. Half of the amount of CIT thus collected is transferred to the National Office of Social Security. No deduction of gifts, of participation exemption, for patent income (/130) / for innovation income, for corporate equity, of previous losses, or investment deduction can apply to the allocated amount considered as disallowed expenses.

130 Abolishment of the deduction for patent income as from 1 July 2016. Cf Chapter 2 “Corporate Income Tax”.

The Tax Survey should not be considered as an administrative circular, no rights can be founded on it. January 2018 issue.
Part I: Direct taxation

Corporate income tax
income year 2017

Equity participation

- As regards equity participations, the taxable amount is determined in function of the stock market price where listed shares are concerned and, where non-listed shares are concerned, the determined amount can neither be lower than the book value of the shares nor lower than its actual value, the latter being fixed by a company auditor or by a chartered accountant.

- The equity participation is subject to a 15% levy in full discharge (131) insofar as the participation plan provides for a non-re redemption period that can neither be inferior to two years nor longer than five years. Where the non-re redemption period is not respected, a supplementary 23.29% tax is charged (132).

Participation in the profits

- The allocated amount constitutes the taxable amount.

- The allocated amounts are subject to employees’ social contributions and the remainder is subject to a 25% levy in full discharge.

Profit premium plans for employees

The programme law of 25 December 2017 has replaced the existing regulation for profit participation plans in favour of employees by the tax regime for profit premium plans for employees. The equity participation has not been modified; only the arm about the participation in the profits has been changed.

The new regime has been applied as from 1 January 2018 and mainly consists of:

- a relaxation of the rules for granting the advantage;
- an adjustment of the tax treatment for the employees: in principle, the tax rate applicable to profit premium plans amounts to 7% and this tax must be withheld by the employer.

However, the new regime can already be applied for tax year 2018 to companies keeping their accounts otherwise than per calendar year.

---

131 This levy is a tax assimilated to income taxes. See Part II, Chapter 8, page 322.
132 The rate of this tax was set in such a way that the tax levied would correspond to the global levy, including social security contributions, that would be payable in the case of a cash remuneration.
The advance ruling procedures

Definition and general principles

‘Advance ruling’ means the legal action whereby FPS Finance determines, in accordance with the provisions in force, how the law will be applied in respect of a particular situation or operation that has not had an outcome yet at tax level.

Its aim is not to establish new contractual provisions but only to clarify how the law will be applied in a given circumstance and so to guarantee the bona fide taxpayer legal security.

An advance ruling may not result in a tax exemption or tax credit in comparison with the normal application of the ruling laws, regulations or administrative provisions.

Advance rulings shall be accounted for. They are published without the taxpayers’ names to be mentioned. Each year the Chamber will be sent a report on the application of the advance ruling system. This report shall be published.

Field of application

The system for advance ruling is enforceable overall. This means that it also applies to the activities of distribution centres and service centres which benefited so far from an ad hoc system. Unlike the previous systems, which limited the field of application, the act and the royal decree implementing it here consist of a summing-up of cases of non-application.

These cases of non-application are:

a) the application concerns situations or operations which are identical to situations or operations having had an effect at tax level for the applicant;

b) the application concerns situations or operations which are identical to situations or operations having been the object of a dispute between the Tax Administration and the taxpayer (administrative appeal or legal action);

c) the application concerns the implementation of tax law in respect of tax collection or proceedings;
Part I: Direct taxation

Corporate income tax
income year 2017

128 The Tax Survey should not be considered as an administrative circular, no rights can be founded on it.

January 2018 issue.

d) no advance ruling will take place where essential parts of the situation or operation described in the application concern tax havens that are considered by the OECD to be non-cooperative (133).

e) the application concerns a situation in respect of which it would be inappropriate to give an advance ruling. A royal decree considers the following matters as inappropriate:

- tax rates and computation of taxes;
- amounts and percentages;
- assessment procedures;
- regulations in respect of which a specific recognition procedure or decision procedure exists (included collective procedures);
- cases in respect of which FPS Finance is not competent to take an unilateral decision and has to consult other authorities, e.g. recognition of companies with a social purpose, admission of non profit-making companies to the list of institutions entitling to deduction of gifts made to them;
- sanctions, penalties, surtaxes and tax increases;
- presumptive taxation.

Procedure

The application for advance ruling must be made in writing and must contain: the identity of the applicant, a description of his activities, a comprehensive description of the situation or operation is respect of which the advance ruling is being applied for and a reference to the legal and regulatory provisions the ruling is to give an upshot for.

If necessary, it must contain a) a complete copy of the applications submitted in respect of the same matter to the tax authorities of other European Member States or of third countries Belgium has concluded a tax treaty with and b) the decisions taken by those authorities in respect of the application.

As long as no decision has been taken, new elements may be added to the application.

In principle, the ruling takes place within a period of three months, but FPS Finance and the applicant can come to terms about a shorter or longer period.
In principle a ruling covers a five-year period, unless its object justifies another time limit.

Once a decision has been taken, FPS Finance is bound by it, except in the following situations:

a) where the requirements to be fulfilled in respect of the advance ruling, are not;

b) where the situation or operations have been described incompletely or incorrectly by the applicant;

133 There are no more jurisdictions on the OECD list of uncooperative tax havens, because the last jurisdictions listed made commitments to implement the OECD’s standards of transparency and exchange of tax information.
Part I: Direct taxation

Corporate income tax
income year 2017

The Tax Survey should not be considered as an administrative circular, no rights can be founded on it. January 2018 issue.

134 For further information about advance ruling, it can be referred to the website of the Belgian Autonomous Ruling Service (http://www.ruling.be – only available in French and Dutch).

135 Including the withholding taxes on the income which it collects and excluding depreciations and capital losses on shares.

c) where essential elements of the operation have not been realised in the way the applicant has described them;

d) where provisions in agreements, in common law or in national law related to the situation or operation the ruling is being applied for, are altered;

e) where the advance ruling appears not to be conform with the provisions of the agreements, of common law or of national law.

Moreover, an advance ruling ceases to be applicable when the principal effects of the situation or operation it gives a decision about, are modified by one or more related or subsequent elements attributable directly or indirectly to the applicant (134).

Investment companies

Belgian undertakings for collective investment (UCIs) belong to one of the following three categories:

- open-ended UCIs;
- closed-ended UCIs;
- UCIs in debt securities.

UCIs group together common investment funds and investment companies.

Unlike common investment funds which are undistributed, investment companies (open-ended investment companies – “SICAV/BEVEKS”, closed-ended investment companies – “SICAF/BEVAKS”, debt investment companies – “SIC/VBS”) are legal entities which are in principle liable to corporate income tax.

Taxation of investment companies

The investment company’s liability to corporate income tax is limited to its disallowed expenses (135) and any abnormal or benevolent advantages received.

As the company is not taxed on distributed and reserved profits, no deduction is awarded to the investment company for participation exemption.

This tax base is subject to the standard CIT rate.

The investment company is, moreover, exempted from capital duty.

Attribution of income

- Income from other capitalisation SICAV/BEVEKS than the so-called “open-ended bond investment companies” (see however below “Income attributed to resident natural persons”) is not liable to withholding tax on income from movable property. Nevertheless, these shares are always subject to the tax on stock-exchange transactions both when they are purchased and when they are sold or transferred to another subfund within the same SICAV/BEVEK.
Income from a distribution SICAV/BEVEK is considered a dividend and is liable to the 30% withholding tax on income from movable property. Dividends distributed by a “PRICAF/PRIVAK” are not subject to the withholding tax on income from movable property up to an amount equal to the capital gains on shares realised by that PRICAF/PRIVAK.

**Income attributed to resident natural persons**

Income from a capitalisation SICAV/BEVEK is in principle non-taxable for private savers (136).

However, with respect to capitalisation SICAVs/BEVEKS having invested at least 25% (137) of their portfolio in interest-bearing debt securities (notably bonds, Treasury certificates) and having or not a European passport (138), capital gains obtained through the repurchase of own shares or through a partial or total distribution of the social assets of the SICAV/BEVEK, are liable to the 30% withholding tax in respect of the part corresponding to, on the one hand, the interest received by the SICAV/BEVEK and, on the other hand, capital gains generated by the debt securities portfolio, after deduction of losses.

**Income attributed to resident companies**

Income from investment companies is taxable, knowing that dividends received from certain distribution SICAVs/BEVEKS (139) entitle, to a limited extent (140), to the deduction for participation exemption.

**Tax on the acquisitions and disposals**

Stock-exchange transactions are taxable at the following rates:

- acquisitions or disposals for a consideration of shares in capitalisation SICAVs/BEVEKS: 1.32%;
- repurchase of its own shares by capitalisation SICAVs/BEVEKS: 1.32%.

---

136 A private saver is defined here as any person for whom the withholding tax on income from movable property represents the final tax; either natural persons who have not assigned the securities to their professional activity or legal persons which are not liable to corporate income tax.

137 The investment threshold in debt securities of 25% applies to operations carried out since 20 December 2012 (previously: 40%).

138 This percentage can be assessed per SICAV/BEVEK subfund. In this case, the rule only applies to the subfunds exceeding 25%.

139 SICAVs/BEVEKS of which the statutes stipulate that at least 90% of the income received is distributed, after deduction of remunerations, commissions and expenses, are concerned. This distribution condition can be assessed per subfund of distribution shares. Moreover, the coexistence of capitalisation shares and distribution shares within the same subfund is no impediment to the appliance of the participation exemption system, inasmuch as at least 90% of the income from distribution shares is yearly distributed.

140 Inasmuch as and insofar as it concerns distributed income from dividends that self fulfil the conditions entitling to the deduction for participation exemption or capital gains on shares that can be exempted from corporate income tax.
**Organisations for Financing Pensions**

In the framework of the European Directive on the activities and supervision of institutions for occupational retirement provision (141), pension funds and social security funds shall become “Organisations for Financing Pensions” (OFPs).

OFPs are liable to corporate income tax but benefit a special tax status. Their tax base is the same as the one of SICAVs/BEVEKS.

**Private PRICAFs/PRIVAKS**

Private PRICAFs/PRIVAKS are private (i.e. unquoted) collective investment undertakings, aimed at the promotion of private investments in unlisted companies, whether from Belgian or from foreign origin. Adjustments to the regulatory and tax framework of the private PRICAF/PRIVAK have been planned as from tax year 2019 in order to encourage their use.

**Regulatory framework of PRICAFs/PRIVAKS**

A PRICAF/PRIVAK can take the shape of a public limited company (PLC), a limited partnership or a limited partnership with a share capital and is established for a period not exceeding 12 years. It attracts deposits with private investors. Each of the latter must invest not less than 50,000 euro in cash. The shareholders may be neither members of the same family nor in-laws (142).

PRICAFs/PRIVAKS invest the attracted deposits in financial instruments issued by unlisted companies; liquid assets or cash-equivalent items may be held only incidentally or temporarily as from the third year.

**Tax system applicable to PRICAFs/PRIVAKS**

The base of the PRICAFs/PRIVAKS’ liability to CIT is limited to the following elements:

- abnormal or benevolent advantages;
- disallowed expenses, except depreciations on share participations;
- compensation for missing coupons.

The tax is computed at the normal rate of 33.99%.

Where a PRICAF/PRIVAK buys back shares, the repurchase surplus is not liable to the withholding tax on movable property. The same is true in respect of liquidation surpluses.

PRICAFs/PRIVAKS are exempted from withholding tax on movable property on any income from investment except dividends. Any withholding tax on movable property levied on income received is deductible and refundable unconditionally.

---

142  The rules have however been made more flexible: the prohibition applies now to relatives up to the fourth degree.
Part I: Direct taxation

Corporate income tax
income year 2017

Tax system for investors

THE INVESTOR IS A PRIVATE PERSON

Dividends distributed by PRICAFs/PRIVAKS are liable to a 30% withholding tax on movable property, which is at the same time a final tax. But PRICAFs/PRIVAKS are exempted from that withholding tax inasmuch as the dividends distributed originate from gains on shares realised by the PRICAFs/PRIVAKS or when the beneficiary is a foreign company inasmuch as the distributed income originates from dividends on shares or participations issued by foreign companies.

Capital gains realised by investors-private persons on their shares in a PRICAF/PRIVAK are tax exempted.

THE INVESTOR IS A COMPANY

The withholding tax is levied under the same conditions as for private persons. But here the withholding tax is not a final tax; it is deductible from the CIT due by the investor and refundable.

Dividends received from a private PRICAF/PRIVAK entitle to the participation exemption inasmuch as the dividends distributed originate at a previous stage (at the level of the PRICAF/PRIVAK) from participations meeting the conditions for deductibility (transparency principle).

In the same way gains realised on the participation in a private PRICAF/PRIVAK are tax exempted inasmuch as the company has invested its total assets (excluding liquidities and incidental investments amounting to not more than 10% of the total balance value) in shares the income of which entitle to the participation exemption or in shares of other private PRICAFs/PRIVAKS.
CHAPTER THREE
PROVISIONS COMMON TO PIT AND CIT

What is new?

- As far as investment deduction is concerned: the rates remain unchanged for the investments relating to tax year 2018. However, the basic rate of the investment deduction has been increased from 8% to 20% for fixed assets acquired or constituted between 1 January 2018 and 31 December 2019, irrespective of the tax year to which the taxable period relates. The investment deduction relating to the means of production of high-technology products is no longer mentioned in the Income Tax Code 1992.

- Extension of the provisions applicable to bicycles to bicycles powered by an electric motor and to speed pedelecs.

- The measures of the CIT reform are not explained in detail in this edition of the Tax Survey, subject to exceptions, because they do not concern tax year 2018.

3.1. Tax rules for depreciation

The Income Tax Code authorises two depreciation methods (143): straight-line depreciation and double declining balance depreciation.

**Straight-line depreciation** is calculated by applying, each year of the depreciation period, a constant depreciation rate to the acquisition or investment value.

**Double declining balance depreciation** is calculated annually on the residual value of the property and its maximum amount is equal to twice the straight-line depreciation corresponding to the useful economic life. The taxpayer must apply a depreciation equal to the straight-line depreciation annuity starting from the taxable period in which this annuity exceeds the double declining balance depreciation annuity. However, double declining balance depreciation annuity can in no case exceed 40% of the acquisition or investment cost.

Double declining balance depreciation cannot be applied to:

- intangible fixed assets,
- motor vehicles, with the exception of taxis and vehicles used for self-drive hire,
- fixed assets the use of which has been granted to a third party by the taxpayer who writes them off.

The taxpayer opting for the double declining balance depreciation must mention the related assets in an appropriate list.

The first annuity can be booked starting with the accounting year in which the fixed assets were obtained. In respect to companies that do not answer the definition of SMEs described in the Corporation Code (144), the first annuity is apportioned in function of the number of days elapsed since the acquisition.

143 In some cases, the straight-line depreciation can be doubled: see page 140.
144 See *supra*, Chapter 2, page 101.
The depreciation of **additional costs** is authorised, provided these costs relate to assets for which depreciation of the principal is acceptable to the tax administration.

In principle, two different depreciation systems are accepted:

- inclusion in the depreciation value of the property with simultaneous depreciation;
- separate depreciation according to a specific scheme (145), or a 100% depreciation in the course of the tax year or the financial year in which the investment was made.

Companies that do not answer the definition of SMEs described in the Corporation Code, can opt only for the first method: so, the additional costs must be depreciated following the same scheme as the principal. This means that the *pro rata* limitation of the annuity in respect of the year of acquisition also applies to the additional costs.

Under the CIT reform, double declining balance depreciation will no longer apply to CIT. Small companies will have to apportion their first annuities. As far as the depreciation of additional costs is concerned, small companies will now have to depreciate those additional costs in the same way as for the principal.

### 3.2. Expenses categories entitling to an increased deduction

#### 3.2.1. Deduction up to 120% of the expenses for staff collective transport

Where minibuses, buses and coaches are used for the collective transport of the staff members between home and work, 120% of the expenses can be deducted by the employer or the group of employers.

#### 3.2.2. Deduction up to 120% of security expenses

A tax deduction up to 120% applies to some professional security expenses borne by the employer or a group of employers, i.e. subscription expenses paid to be connected to a telemonitoring station and expenses borne if a security firm has been hired (or collectively hired by a group of companies). As far as companies are concerned, this increased deduction is exclusively granted to SMEs, either defined as the companies of which the voting rights are held for more than 50% by natural persons, or to which the definition of “small companies” in the Corporation Code applies.

#### 3.2.3. Deduction up to 120% of some expenses incurred to encourage the use of bicycles powered by an electric motor or speed pedelecs by the staff for commuting

The deduction concerns the expenses incurred by the employer to acquire, construct or convert a real estate intended for the storage of bicycles powered by an electric motor and speed pedelecs during working hours, or to put a changing room or sanitation facilities at the staff’s disposal.

It also concerns expenses incurred by the employer to acquire, maintain or repair bicycles powered by an electric motor and speed pedelecs and their accessories put at the staff’s disposal.

---

145 For vehicles, the additional costs must be written off at the same rate as the principal.

134 The Tax Survey should not be considered as an administrative circular, no rights can be founded on it.

January 2018 issue.
3.3. Investment incentives: investment deduction

3.3.1. Principle

The investment deduction (146) permits to deduct, from the tax base, a quota of the amount of investments made in the course of the taxable period.

It can be granted to companies and to individuals declaring profits or proceeds.

3.3.2. Investments taken into account

GENERAL RULE

The investment deduction may apply to investments in tangible or intangible fixed assets, newly acquired or constituted during the taxable period and which are assigned in Belgium for the exercise of a professional activity.

INVESTMENTS TRANSFERRED TO THIRD PARTIES

When the investment concerns assets the use of which has been transferred to a third party, the latter being entitled to write them off, then the lessor will not be granted an investment deduction: this is the case as concerns leasing contracts and agreements for long lease rights or building rights.

When the investment concerns assets the use of which has been transferred according to other means than leasing contracts and agreements for long lease rights or building rights, the lessor being entitled to write them off, then the transferee will only be granted an investment deduction if he is a natural person or a company fulfilling the conditions, criteria and limits for the application of the investment deduction at the same or a higher rate, using the assets in Belgium in order to obtain profits or benefits and not transferring, be it partially, the use of the assets to another third party (147).

---

147 In case of transfer of the right to use the assets, the right to the investment deduction is maintained where the right to use the assets is transferred to a company, provided that the transferee himself fulfills the conditions entitling to the investment deduction.
Part I : Direct taxation

Provisions common to PIT and CIT

income year 2017

OTHER CASES OF EXCLUSION

The following are excluded from the investment deduction:

- fixed assets which are not exclusively assigned for the exercise of a professional activity (148),
- buildings acquired with a view to resale,
- assets which cannot be depreciated or which can be depreciated in less than three years,
- accessory expenses, when they are not written off together with the fixed assets to which they relate,
- cars and twin-purpose cars (149).

3.3.3. Calculation basis

It is the amount that can be depreciated which determines the basis for calculation of the investment deduction.

3.3.4. Applicable rates

DETERMINATION OF THE BASIC RATE

The basic rate is linked to the inflation rate: for investments made in the year “t” it is based on the difference between the average consumer price index for the years “t-1” and “t-2”, increased by 1 point (companies) or by 1.5 points (natural persons).

For companies the basic rate cannot be less than 3% and not more than 10%. For natural persons, the limits are set at 3.5% and 10.5%.

INVESTMENTS ENTITLING TO DEDUCTION AT THE BASIC RATE

The deduction at the basic rate applies to investments made by natural persons and it has been reactivated for standard investments made by a company considered as a small company (as defined in Article 15, §§1 to 6, of the Corporation Code) for the tax year relating to the taxable period during which those investments were made.

INCREASED RATES

Increased rates are always calculated in relation to the rates applying to natural persons, even where the investments are effected by companies.

These rates apply to:

- patents (+10 points);
- investments aimed at the promotion of research and development of new products and of high-tech which do not interfere with the environment or aimed at minimising the negative effects thereof on environment (+10 points);
- energy-saving investments (+10 points);

148 The investment deduction does apply however in respect of the professional part of twin purpose premises, provided the professional and the private parts are obviously distinct.

149 Except for vehicles assigned exclusively to taxi services, to rent with driver and to practical training in recognised driving-schools.

The Tax Survey should not be considered as an administrative circular, no rights can be founded on it.

January 2018 issue.
Part I: Direct taxation

Provisions common to PIT and CIT

income year 2017

- investments aimed at the installation of smoke extraction or air treatment systems in the Horeca sector (+10 points);
- investments in digital assets aimed at integrating and operating digital payment and billing systems, and systems tending to secure information and communication technology (+10 points);
- fixed assets aimed at securing professional premises and their content, and company vehicles (+17 points).

In the case of spread deduction (see below), the basic rate is increased:
- by 17 points for investments for environmentally-friendly R&D;
- by 7 points for other investments.

Table 3.1.
Rates of investment deduction – Tax year 2018 (150)

<table>
<thead>
<tr>
<th>Nature of the investment</th>
<th>Deduction rate</th>
<th>Applicable to natural persons</th>
<th>Applicable to all companies</th>
<th>Applicable to SMEs article 15, §§1 to 6, Corporation Code</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Allowance in one go</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic rate applicable to standard investment</td>
<td>8%</td>
<td>0%</td>
<td>8% (*                      )</td>
<td></td>
</tr>
<tr>
<td>Increased rates</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Patents (*)</td>
<td>13.5%</td>
<td>13.5%</td>
<td>13.5%</td>
<td></td>
</tr>
<tr>
<td>“Green” R&amp;D investments (*)</td>
<td>13.5%</td>
<td>13.5%</td>
<td>13.5%</td>
<td></td>
</tr>
<tr>
<td>Energy-saving investments</td>
<td>13.5%</td>
<td>13.5%</td>
<td>13.5%</td>
<td></td>
</tr>
<tr>
<td>Smoke extraction or air treatment systems in the Horeca sector</td>
<td>13.5%</td>
<td>13.5%</td>
<td>13.5%</td>
<td></td>
</tr>
<tr>
<td>Digital investments</td>
<td>13.5% (***)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Security investments</td>
<td>20.5%</td>
<td>n.a.</td>
<td>20.5%</td>
<td></td>
</tr>
<tr>
<td>Investments made in order to promote reutilisation of refillable beverage packages and reusable industrial products</td>
<td>n.a.</td>
<td>3%</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td><strong>Spread deduction</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>“Green” R&amp;D investments (**)</td>
<td>20.5%</td>
<td>20.5%</td>
<td>20.5%</td>
<td></td>
</tr>
<tr>
<td>Other investments</td>
<td>10.5%</td>
<td>0%</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>

n.a.: non applicable

(*) Only applicable if the company irrevocably waived the allowance for corporate equity.

(**) Unless the company has chosen to benefit the tax credit for R&D. The taxpayer's choice is irrevocable.

(***) Only applicable to natural persons who meet mutatis mutandis the criteria mentioned in Article 15, §§1 to 6, of the Corporation Code for tax year 2018.

150 General Tax Administration, Advice regarding the investment deduction, published in the BOJ of 15 March 2017.

The Tax Survey should not be considered as an administrative circular, no rights can be founded on it.
January 2018 issue.
3.3.5. Arrangements

The deduction is made in principle in one go.

Natural persons employing less than 20 workers on the first day of the taxable period can opt for a system of simplified spread deduction (151).

In this case, the allowance is made in accordance with the accepted fiscal depreciation.

In the event of insufficient profits (or proceeds), the investment deductions which cannot be awarded are carried forward to the following taxable periods.

The investment deductions to which the taxpayer is entitled by virtue of investments in previous taxable periods, are deductible within the following limits:

<table>
<thead>
<tr>
<th>Total deduction amount</th>
<th>Deductibility limitation</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 970,860 euro</td>
<td>none</td>
</tr>
<tr>
<td>between 970,860 euro and 3,883,430 euro</td>
<td>970,860 euro maximum</td>
</tr>
<tr>
<td>3,883,430 euro and more</td>
<td>25% of carry-forward</td>
</tr>
</tbody>
</table>

Where the company chooses for the tax credit for research and development, the above-mentioned amounts are halved, i.e. respectively 485,430 euro and 1,941,720 euro.

3.4. Employment incentives

3.4.1. Exports and total quality management

An exemption (deduction from taxable profit) of 15,660 euro is awarded for each additional staff member employed in Belgium and directly assigned fulltime to the management of the export department (152) or to the management of the “Total quality management” department.

This is a permanent regulation that applies to all companies.

The additional personnel is determined according to the average number of workers employed by the company for the same purpose in the course of the previous taxable period. The exemption awarded is withdrawn in the event of a staff reduction.

3.4.2. Exemption for low-income additional staff

Per taxable period and per low-income additional staff member employed in Belgium 5,830 euro of the profits and proceeds obtained by an SME are tax exempted.

Are considered to be SMEs: enterprises declaring profits or proceeds and employing less than eleven wage or salary earners on 31 December 1997 or, where the company has started its activity after that date, on 31 December of the year the company has started its activity.

The increase in personnel is computed by comparing the average work force in the current year with the work force in the preceding year.

The condition with regard to the number of workers need not be met in order to be entitled to the spread deduction for environmentally-friendly R&D-investments or for investments in means of production of high-technology products.

The exemption can also be awarded if the function is conferred upon a member of the existing personnel, provided a new recruitment fills in the vacancy thus opened within thirty days.
Are not taken into account for the exemption:

- workers taken into consideration for the exemption for additional personnel, mentioned above sub 3.4.1.;
- additional personnel whose gross salary exceeds 90.32 euro per day or 11.88 euro per hour;
- increases in personnel pursuant to the take-over of personnel under contract with either a company in respect of which the taxpayer has any form of interdependence, or a company whose activity the taxpayer is carrying on.

If however, in the course of the year following the exemption, the work force diminishes in comparison with the year of exemption, the total amount of formerly exempted profits or proceeds shall be diminished by 5,830 euro per released member of the personnel.

The exemption for low-income additional staff members is also a permanent measure.

3.4.3. Training periods (trainer’s bonus)

A tax incentive has been introduced to encourage employers to organise training periods: profits or gains reaped by employers who benefit a trainer’s bonus, are exempted up to 40% of remunerations paid to workers in respect of whom employers benefit the training period bonus (153).

In the Walloon Region, the mechanism relating to the trainer’s bonus and the starting bonus was abolished on 1 September 2016.

3.5. Fiscal treatment of regional aid

3.5.1. Inclusion of aid in the taxable base

Regional aid premiums, capital subsidies and interest subsidies constitute a taxable income for the beneficiary companies for the taxable period in which they are granted. However, capital subsidies benefit a spread tax system: they are considered as profits for the taxable period concerned and the subsequent taxable periods proportionate to the depreciation approved as professional expenses, respectively at the end of the taxable period concerned and in the course of any subsequent period and, where appropriate, up to the balance when the fixed assets are transferred or put out of circulation.

Nevertheless, since the Act of 23 December 2005, some regional aid measures are exempted in respect of CIT (see chapter 2, page 100).

However, the tax system prior to the modifications introduced by the Act of 23 December 2005 still applies to former subsidies and to each regional aid not concerned by the exemption.

---

153 The trainer’s bonus (or training period bonus) is part of the Intergenerational Solidarity Pact’s measures. This bonus is granted by the NEO (National Employment Office) to employers offering training periods to young people obliged to attend school on a part-time basis. The NEO pays a starting bonus to young people who undertake an apprenticeship in a company within the framework of a work and training programme.
Agricultural support measures apply to premiums and capital and interest subsidies paid to farms liable to PIT or CIT. They also apply to suckler cow premiums and premiums regarding entitlements for the single payment, which have been introduced by the European Communities to support the agricultural sector. The support measures consist of an exemption (interest and capital subsidies) or a separate tax rate of 12.5% (suckler cow premiums and premiums regarding entitlements for the single payment) as far as PIT is concerned and of a reduced rate of 5% applying under certain conditions to subsidies granted by the Regions as far as CIT is concerned.

3.5.2. Doubling of straight-line depreciation

The doubling of straight-line depreciation (154) applies to certain investments in buildings, tools and equipment which enjoy regional aid (or, formerly, the laws of economic expansion).

The authorised annual depreciation is equal to double the normal straight-line depreciation for a period of maximum 3 successive taxable periods, as agreed in the aid contract. This provision is no longer applicable in the Walloon Region.

3.5.3. Exemption from withholding tax on real estate income

The exemption from withholding tax on real estate income is awarded to real estate investments for which the company enjoys regional aid (interest subsidies or capital subsidies).

This exemption is awarded for a maximum of 5 years dating from January 1st following the occupation; it relates both to the buildings and the land forming part of the same cadastral plot and to the equipment and tools that are immovable by their very nature or by their purpose.

3.6. Tax arrangements for capital gains

3.6.1. Definition of realised capital gain

The net amount (after deduction of the realisation costs) of capital gains is exempted.

3.6.2. Capital gains realised during exploitation

A. Capital gains intentionally realised on tangible and intangible assets

The tax system is based on the principle that taxation can be carried forward. This carry-forward of taxation applies to capital gains realised on tangible and intangible assets allocated for more than 5 years to the performance of the professional activity, on condition that there is a reinvestment.

If the duration of the allocation is less than or equal to 5 years, the capital gains constitute a taxable profit at the full rate.

When the tax can be carried forward, the capital gains in question are considered as profits for the taxable period of reinvestment and for subsequent taxable periods in proportion to the depreciation and the non-depreciated balance for the taxable period during which the property ceases to be allocated to the exercise of the professional activity. The spread taxation is made at the full rate.

---

140 The Tax Survey should not be considered as an administrative circular, no rights can be founded on it. January 2018 issue.
Part I: Direct taxation

The reinvestment must be made in respect of tangible or intangible assets that can be depreciated and are used in a Member State of the European Economic Area (EEA) in the context of the professional activity. Moreover, the reinvestment must be made within a period of 3 years starting from the first day of the taxable period during which the capital gains were realised.

If there is no reinvestment within this period, the capital gains are considered as a profit for the taxable period during which the reinvestment period expired. The tax is payable at the full rate.

The exemption of the monetary adjustment portion is maintained (155).

B. Capital gains intentionally realised on financial fixed assets

Capital gains realised on fixed income securities are taxable at the full rate.

Capital gains realised on shares are totally exempted, without the reinvestment condition or intangibility condition having to be met, subject to the application of separate tax amounting to 0.4% (except for SMEs as defined in the Corporation Code – cf. infra, Separate tax).

As a result, the exemption of capital gains realised is now only applicable to SMEs, but it is contingent upon the fulfilment of the upstream taxation requirement and the minimum holding requirement (see below).

EXCLUSION OF TRADING COMPANIES

The tax exemption of capital gains on shares and the prohibition on the deduction of capital losses and writedowns on shares, do no longer apply to securities that are part of the commercial portfolio of trading companies.

UPSTREAM TAXATION REQUIREMENT

The revenue produced by the shares on which the capital gains are realised must comply with the "upstream taxation requirement" applicable to participation exemption (156). On the other hand, the condition relating to the participation threshold is without effect on the exemption of capital gains.

MINIMUM HOLDING REQUIREMENT

Another requirement must also be fulfilled: the shares must be held in full ownership for an uninterrupted period of at least one year.

Capital gains on shares fulfilling the upstream taxation requirement but not the minimum holding requirement are taxable at 25.75% (i.e. 25% increased by 3% crisis surcharge). The normal rate of 33.99% is applicable as regards the taxation of capital gains on shares which are already taxable insofar as their income does not entitle to the deduction for participation exemption.

---

155 The exemption of the monetary adjustment portion only concerns capital gains realised on assets acquired or constituted not later than 1949.
156 See above, page 107.
Part I: Direct taxation

Provisions common to PIT and CIT

income year 2017

SEPARATE TAX

A separate tax amounting to 0.4% (0.412% including the crisis surcharge) must be paid where the capital gains on shares are realised by another company than a SME as defined in the Corporation Code.

FISCAL NEUTRALITY OF TRANSFERS, MERGERS OR DIVISIONS

In order to determine whether the minimum holding requirement of one year has been fulfilled by the receiving or acquiring company, the shares received by the receiving or acquiring company as a result of a fiscally neutral transfer, merger or division, are considered as being acquired by those companies on the date on which they become part of the assets of the transferring, acquired, divided or converted company.

C. Forced capital gains

Forced capital gains must be construed as capital gains acquired through compensations received as a result of casualties, expropriation, claim to right of ownership or any other similar event; are hence concerned, events which the natural or legal person could neither foresee nor prevent. Where the event results in a permanent cessation of the professional activity, the system for "capital gains upon the cessation of a professional activity" applies.

Otherwise, i.e. where the professional activity is furthered, the capital gains are chargeable according to the rules that apply to voluntary disposition:

- carry-forward taxation, where the condition of reinvestment in tangible or intangible fixed assets is met;
- full rate taxation for capital gains realised on fixed income securities;
- exemption without reinvestment condition, provided the condition of taxation for capital gains realised on shares is met.

The reinvestment period ends three years after the end of the taxable period in which the compensation is received.

D. Capital gains from inland waterway vessels

Capital gains realised through the alienation of commercial inland waterway vessels, are totally exempted, where an amount equal to the compensation or to the realisation value, is reinvested in inland waterway vessels meeting some environmental standards.

If the capital gain has been intentionally realised, it must relate to an inland waterway vessel being naturally a fixed asset for more than five years.

3.6.3. Capital gains realised upon the cessation of a professional activity

Capital gains realised upon the cessation of a professional activity are capital gains realised on the occasion or as a result of the discontinuation of a professional activity, whether these gains are realised voluntarily or not. The special system applies to capital gains on stocks and contracts in progress and to capital gains on intangible, tangible and financial fixed assets and on other portfolio securities.

The discontinuation can be complete or partial, but it must be final.

The capital gains are taxable as from the date they are settled, e.g. upon promise to sell, upon a lease-purchase agreement, upon the declaration of estate.
Tax system and rates to apply depend on the circumstances and on the nature of the assets:
- for tangible or financial assets and for other securities: 16.5%
- for intangible fixed assets: for the portion of the discontinuation gains not exceeding the algebraic sum of the taxable net profits and proceeds obtained during the four years preceding the year of discontinuation, the 33% rate applies; for the balance, the separate taxation does not apply. Where the discontinuation is the result of the taxpayer's decease, where it is a forced final cessation or where the taxpayer is more than 60 at the time the cessation of activity is registered, the 16.5% rate applies.

3.7. Other: enterprise crèches

Companies, traders and people occupying a liberal profession are entitled to deduct, as professional expenses, the sums paid for the financing of enterprise crèches. The deduction is allowed as well for the sums paid for the creation of new crèches as for the maintenance of existing ones.

The following conditions must be met:
- it has to be a facility recognised, subsidised or authorised by Kind en Gezin, l'Office de la naissance et de l'enfance (ONE) or the government of the German speaking Community;
- the sums must be paid with a view to the financing of the cost of working or of equipment. They may not include the parents' intervention in the day care facility.

The deduction may not exceed 8,220 euro per newly created or maintained accommodation.
CHAPTER FOUR
LEGAL ENTITIES INCOME TAX (LEIT)

What is new?

Non profit-making companies and the other legal entities, which are in principle liable to LEIT, can operate as production companies or as qualifying intermediary companies for purposes of the tax shelter for film industry or for stage works production. They are therefore excluded from LEIT and liable to CIT for the tax year covering the taxable period during which they signed a framework agreement and for the three subsequent tax years. However, this provision has been abolished as from 8 January 2018.

4.1. Who is liable to legal entities income tax?

Three categories of bodies are liable to legal entities income tax:

- the State, Communities, Regions, provinces, “polders and wateringen”, agglomerations, federations of municipalities, municipalities, public social assistance centres and public clerical institutions (authorities managing church property);
- certain institutions designated by name: National Delcredere Office (= national export credit insurance office), the “Société régionale wallonne du Transport” (Walloon public transport company), the “Vlaamse Vervoermaatschappij” (Flemish public transport company), the “Société des transports intercommunaux de Bruxelles - Maatschappij voor het Intercommunala Vervoer te Brussel” (Brussels public transport company) (157), etc.;
- companies and associations, particularly non profit-making companies which are not involved in profit-making concerns or transactions and inter-municipal associations (158) which are automatically excluded from the corporate income tax, i.e. inter-municipal associations which operate a hospital or an institution assisting war victims, disabled persons, the elderly, protected minors or the destitute (159).

4.2. Taxable base and levy of the tax

4.2.1. Basic principle

Legal entities liable to LEIT are not taxed on their total annual net income, but only:

- on their real estate income,
- on their income from capital and movable property, inclusive the first 1,880 euro bracket of income from savings deposits and the first 190 euro bracket of dividends from recognised cooperative companies and to companies with a social purpose.
- on certain miscellaneous forms of income.

The legal entities income tax is collected by means of withholding taxes.

157 Respectively SRWT, De Lijn and STIB/MIVB.
158 Are concerned: inter-municipal associations but also cooperation structures, “associations de projet”/”projectverenigingen” (cooperation structure with legal status created for a renewable period of six years by at least two municipalities in order to manage joint projects) and autonomous municipal companies. As a reminder: inter-municipal associations are no longer liable to LEIT, but to CIT for financial years closed at the earliest on 1 July 2015.
159 Applicable to financial years closed at the earliest on 1 August 2015.
4.2.2. **Taxation of income from movable property**

Where taxpayers subject to LEIT receive income from movable property or miscellaneous income of movable origin in respect of which no withholding tax on income from movable property was deducted at source, the withholding tax is due by the recipient of the income.

4.2.3. **Six cases of putting items on the tax roll**

However, in six special cases specific items are put on the tax roll. In all these cases the crisis surcharge applies and is subject to the same conditions as in corporate income tax.

a) Certain types of real estate income, notably net income from land and buildings situated in Belgium and leased, are subject to a tax of 20%. This tax only applies to category 3 mentioned in 4.1.

b) Capital gains made through the transfer for a consideration of developed or undeveloped real estate are taxable at 16.5% or 33% according to the same arrangements as for PIT. This applies to category 3.

c) The transfer of important participations is taxable, at the 16.5% rate, according to the same arrangements as for PIT (160). This applies to category 3.

d) Expenses or benefits in kind which are not justified and financial advantages or benefits in kind, are taxable according to the same arrangements as for CIT (contribution of 100% on secret commissions, unless it can be established that the beneficiary for those expenses, benefits in kind and financial advantages is a legal person; in this case, the contribution amounts to 50%). This does not apply to category 1.

e) Pension contributions and pensions considered as disallowed expenses under CIT, financial advantages or benefits in kind, as well as the amount equal to 17% (161) of the benefit in kind resulting from the private use of a company car, are liable to a 33% tax. This tax is not due by category 1 (i.e. the State, provinces, etc.).

f) Inter-municipal associations operating a hospital or an institution assisting war victims, disabled persons, etc., are taxable on dividends attributed to other legal entities except public administrations. The rate of this tax is 25% and the increase for lack or insufficiency of advance payments is applicable according to the same arrangements as for corporate income tax.

---

160 See page 35.
161 The percentage of 17% has been increased to 40% where fuel expenses linked to personal use are partially or totally incurred by the legal person.
CHAPTER FIVE
WITHHOLDING TAX ON REAL ESTATE

What is new?

- Annual indexation of cadastral income.
- Flemish Region: major changes have been made in the rates of the withholding tax on real estate. For instance: the significant increase in the basic rate (from 2.5% to 3.97%), the increase in the rates applicable to social dwelling houses (from 1.6% to 2.54%) and the decrease in provincial surcharges.
- Brussels-Capital Region: as regards real estate leased by the owner via a social real estate agency located in the Brussels-Capital Region, the Brussels-Capital Region has fixed the rate of the withholding tax on real estate at 0% as from tax year 2018.
- Brussels-Capital Region: regulatory reform as regards cases to which a reduction in or an exemption from withholding tax on real estate applies: notably, stricter conditions for the granting of the reduction for a modest dwelling and increase to 20% in the reduction for disabled persons.

The “Vlaamse Codex Fiscaliteit” (Flemish Tax Code), Title 2, Chapter 1, includes the provisions relating to the withholding tax on real estate in the Flemish Region.

The provisions relating to the withholding tax on real estate in the Walloon Region and in the Brussels-Capital Region are included in the Income Tax Code.

The rate of the withholding tax on real estate income is based on the indexed cadastral income. For income earned in 2018, the index coefficient has been set at 1.7863.

The rate of the withholding tax on real estate income includes the basic rate and the provincial and municipal surcharges (162). If the basic rate is 1.25%, for instance, then a surcharge of 3,000 centimes will generate an additional rate of 37.5%. The total rate of the withholding tax on real estate will thus amount to 38.75%.

The Regions are competent to determine the basic rate and the exemptions with respect to withholding tax on real estate.

162 Differentiated municipal surcharges at intra-municipal level (e.g. by neighbourhood) are possible in the Flemish Region as from tax year 2019.
Part I : Direct taxation

5.1. Withholding tax on real estate in the Flemish Region

5.1.1. Rates

| Table 5.1. |
| Rates of withholding tax on real estate in the Flemish Region |
| --- | --- |
| Basic rate | 3.97% |
| Social dwelling | 2.54% (a) |
| Material and equipment | 2.69% (b) |

(a) The reduced rate of 2.54% applies to social dwellings owned by some Flemish or federal institutions. The scope thereof has been extended to dwellings owned by similar institutions in the European Economic Area. The reduced rate also applies to social dwellings of associations having as members public social assistance centres.

(b) The rate amounts to 3.97% multiplied by a coefficient obtained by dividing the average of the price indices of 1996 by the average of the price indices of the year preceding the year in which the income was received, which results in a rate of 2.69 for income earned in 2018. The application of this coefficient cannot give rise to a higher rate than the rate applicable the previous tax year, with the exception of the tax year in which the decree of 18 November 2018 came into force, and the application of the coefficient cannot result in a higher rate than 3.97%.

5.1.2. Reductions and rebates (for built real property)

Provisions common to the three regions

Is not chargeable to withholding tax on real estate income, the cadastral income of:
- immovable property or parts of immovable property used, outside any profit seeking, for education or for the establishment of hospitals, rest homes and holiday homes for elderly people,
- immovable property used by foreign states for the establishment of their diplomatic or consular missions,
- immovable property that belongs to the national domain, yields no profit by itself (163) and is used for a public service or a service of public utility.

Reduction for a modest dwelling

A reduction is granted for the dwelling which is, according to the population register, the main residence of the taxpayer where the non-indexed cadastral income of the taxpayer’s global real estate situated in the Flemish Region does not exceed 745 euro. The standard rate of this reduction is 25%.

---

163 In order to assess the unproductiveness condition, the fact that the immovable property is used to install renewable energy technologies is not taken into consideration, even though the taxpayer receives an allowance from a third party for that purpose.
Part I: Direct taxation

Withholding tax on real estate

In the case of the construction of a new dwelling house or the acquisition of a newly built dwelling house, the reduction amounts to 50% during the first five years in which the withholding tax on that real estate is due. The taxpayer is not granted this increased reduction if he has received a subsidy for the construction or the acquisition of that dwelling house.

Rebate for dependents

Rebates for dependents are granted as a lump sum and are independent of the concept of “dependent children” used in respect of personal income tax. In order to entitle to this rebate, a child must entitle to child benefits and be part of the household in 1 January of the tax year. A disabled child counts for two.

These rebates are granted, from two children onwards, according to the following scale.

Table 5.2.
Rebate of withholding tax on real estate income for dependents – Flemish Region

<table>
<thead>
<tr>
<th>Number of children taken into consideration</th>
<th>Total amount of the rebate (in euro)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>12.68</td>
</tr>
<tr>
<td>3</td>
<td>20.07</td>
</tr>
<tr>
<td>4</td>
<td>28.10</td>
</tr>
<tr>
<td>5</td>
<td>36.83</td>
</tr>
<tr>
<td>6</td>
<td>46.19</td>
</tr>
<tr>
<td>7</td>
<td>56.26</td>
</tr>
<tr>
<td>8</td>
<td>67.03</td>
</tr>
<tr>
<td>9</td>
<td>78.44</td>
</tr>
<tr>
<td>10</td>
<td>90.61</td>
</tr>
</tbody>
</table>

Official notice published in the BOJ of 19 February 2018

These rebates apply to the withholding tax on real estate due to the Region and thus have to be multiplied by the rate of the surcharges.

Example

Indexed cadastral income: 1,500 euro
Surcharges: 945
Dependent children: 2
Computation withholding tax on real estate due to Region: \((1,500 \times 0.0397) - 12.68 = 46.87\)

Computation withholding tax due to local authorities: \(46.87 \times 9.45 = 442.92\)

Total withholding tax: \(489.79\)

Disability and infirmity

War invalids are granted a 20% rebate.

The rebate for disabled people (164) (other than children) is granted as if the disabled were children. A family with one (not disabled) child and a disabled adult, is entitled to a rebate of the withholding tax on real estate for a disabled person, which is equal to the rebate for two (not disabled) children (see Table 5.2).

The rebate for war invalids cannot be cumulated with the rebate for disabled people.

164 People suffering from a handicap of at least 66% due to one or several complaints.
Part I : Direct taxation

Withholding tax on real estate

Rebate for unproductiveness

The rebate for unproductiveness is granted proportionally to the period of non-occupation or unproductiveness of the property. In order to entitle to this proportional rebate, the unproductiveness or non-occupation must be of not less than 90 days in the year. The rebate stops being granted as soon as the period of unproductiveness exceeds 12 months combined over the current and the previous assessment period. So, in order to entitle to the proportional rebate, the period of unproductiveness must be of not less than 90 days and not more than 12 months.

This limitation does not apply to built real property which is the object of an expropriation project, to real property with a social or cultural end and which are renovated or transformed on behalf of a public body by social housing agencies. It does not apply either where the taxpayer is unable to exercise his right in rem because of a disaster or because of a case of force majeure.

Reduction for energy-saving buildings

A reduction in the withholding tax on real estate has been granted in the Flemish Region to buildings with a sufficiently low energy consumption, i.e. buildings with an energy level (E-level) not exceeding a certain upper limit.

The E-level is the level of primary energy consumption, as calculated in pursuance of the Flemish Energy Decree of 8 May 2009.

The reduction could previously only be granted to new buildings. The system also applies now to (existing) buildings having undergone a “major energy renovation” thanks to which the E-level can be brought below a certain upper limit detailed hereafter, provided that the application for a “planning permission” has been introduced as from 1 October 2016.

Application for a planning permission introduced as from 1 January 2013

The reduction in the withholding tax on real estate amounts to:

- 50% during five years for built real estate with an energy level of maximum E30 on 1 January of the tax year (165);
- 100% during five years for built real estate with an energy level of maximum E20 on 1 January of the tax year (166).

Application for a planning permission introduced as from 1 October 2016

As regards application for a planning permission introduced as from 1 October 2016, the reduction also applies now to (existing) buildings having undergone a “major energy renovation” thanks to which the E-level can be brought below a certain upper limit.

165 It concerns the maximum energy level applicable to applications for a planning permission introduced as from 1 January 2016. The maximum energy level has been progressively tightened: it was E50 with respect to applications for a planning permission introduced from 1 January 2013 to 31 December 2013. With respect to applications introduced between 1 January 2014 and 31 December 2015, the maximum energy level was E40.

166 It concerns the maximum energy level applicable to applications for a planning permission introduced as from 1 January 2016. The maximum energy level was E30 with respect to applications for a planning permission introduced from 1 January 2014 to 31 December 2015.
Part I: Direct taxation

In case of “major energy renovation”, the reduction in the withholding tax on real estate amounts to:

- 50% during five years for built real estate with an energy level of maximum E90 on 1 January of the tax year;
- 100% during five years for built real estate with an energy level of maximum E60 on 1 January of the tax year.

If the building is transferred, the reduction relating to the part of the five years period which has not yet expired, is transferred to the new purchaser.

5.1.3. Exemptions applicable in the Flemish Region

General provisions

Is exempted from the withholding tax in the Flemish Region, the cadastral income of:

- under certain conditions, real estate used for facilities and/or services for elderly people;
- real estate that is within the scope of the forest decree of 13 June 1990, and that is recognised as a nature reserve or as a forest reserve.

Moreover, two other exemptions are in force: the first is granted where premises used for commercial purposes are converted into dwelling houses; the second is granted in respect of renovation of houses unfit for human habitation (partial exemption limited to the part of the CI exceeding the CI fixed before the start of the renovation work) or in case of demolition work in order to build a replacing construction. Both exemptions are granted for three or five years but they cannot be granted concurrently.

Another exemption concerns real estate considered as classified monuments, of which the long lease rights or the full ownership have been transferred by the Flemish Government to an “open monument association” (“openmonumentenvereniging / association des monuments ouverts”).

Two changes have been made by the Flemish Decree of 15 July 2016 to the withholding tax exemption system. Since 1 January 2016, an exemption from withholding tax on real estate has been automatically granted to real estate or a part of it located in the Flemish Region and used for youth activities. Since the same date, an exemption from withholding tax on real estate has also been automatically granted to real estate or a part of it located in the Flemish Region and used in the context of youth tourism.

Material and equipment

“Material and equipment” means devices, engines and other facilities useful for commercial, industrial or craft enterprises, except from premises, shelters and their necessary accessories.

Where material and equipment are housed in built or unbuilt real property, the Cadastral administration fixes a separate cadastral income for those elements.

A total exemption is granted for every investment in new material and new equipment (as well totally new as replacement investments) for which a CI (cadastral income) has been fixed as from 1 January 2008.
However, for companies belonging to the target group to the attention of which the Flemish Government drew up an energy agreement, the exemption is granted provided that these companies accede and comply with this agreement. Failing that, the previous exemption (with the limitation on 1 January 1998, see hereafter) still applies to their replacement investments. As far as companies not belonging to the target group are concerned, the exemption is total and unconditional.

As from tax year 2015 to tax year 2017 included, an additional exemption has been introduced: the remaining taxable CI relating to material and equipment has been exempted up to the CI of new material and new equipment invested on the same plot, provided notably that this CI has been fixed as from 1 January 2014 and before 1 January 2017 (167).

Until tax year 2008 included, a distinction had to be made between totally new investments in material and equipment (i.e. placed on plots where there were no material and equipment on January 1st, 1998) and replacement investments (i.e. investments in new material and equipment, aimed at replacing existing material and equipment).

A total exemption from withholding tax on real estate was granted on the CI of totally new investments. On the contrary, a partial exemption was granted for replacement investments leading before 1 January 2008 to an increased CI in comparison to the CI existing on 1 January 1998; it was limited to the portion of the CI exceeding the CI fixed on 1 January 1998.
5.2. Withholding tax on real estate in the Walloon Region

5.2.1. Rates

Table 5.3.
Rates of withholding tax on real estate in the Walloon Region

<table>
<thead>
<tr>
<th>Description</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic rate</td>
<td>1.25%</td>
</tr>
<tr>
<td>Social dwelling</td>
<td>0.8% (a)</td>
</tr>
<tr>
<td>Material and equipment</td>
<td>1.25% (b)</td>
</tr>
<tr>
<td>Passive houses</td>
<td>Reduced rates (c)</td>
</tr>
</tbody>
</table>

(a) The reduced rate of 0.8% applies to houses belonging to the SRWL (a regional housing board), to companies recognised by it and to houses belonging to the FLFNW (a cooperative housing company with limited liability). This rate also applies to dwellings leased or managed by a real estate manager in conformity with the Walloon Housing Code (e.g. by a social real estate agency).

(b) The 1.25% rate applies to the cadastral income indexed until 2002. The indexation has been frozen since 1 January 2003.

(c) As from tax year 2010, a reduced rate temporarily applies to real estate renewed in order to convert it into a passive house. The rate amounts to 0.25% for the first tax year following the year during which it is established that the dwelling is a passive house. For the second, third and fourth tax years, the reduced rate amounts respectively to 0.5%, 0.75% and 1%. As from the fifth tax year, the normal rate of 1.25% applies again.

5.2.2. Reductions and rebates (for built real property)

Provisions common to the three Regions

Is not chargeable to withholding tax on real estate income, the cadastral income of:

- immovable property or parts of immovable property used, outside any profit seeking, for education or for the establishment of hospitals, rest homes and holiday homes for children or elderly people,
- immovable property used by foreign states for the establishment of their diplomatic or consular missions,
- immovable property that belongs to the national domain, yields no profit by itself and is used for a public service or a service of public utility.

In the Walloon Region, the rebates of withholding tax on real estate apply to only one dwelling, to be designated by the taxpayer. Only the reduction for a modest dwelling is still expressed as a percentage of the cadastral income. The other reductions are lump sums, applied to the global withholding tax on real estate, i.e. provincial and local surcharges included.
Part I : Direct taxation

Reduction for a Modest Dwelling

A reduction is granted for the dwelling which is the taxpayer’s single dwelling on 1 January of the tax year and which is personally occupied by the taxpayer on the same date, where the non-indexed cadastral income of the taxpayer’s global real estate located in Belgium does not exceed 745 euro.

To determine whether the dwelling is or not the single dwelling, the real estate located in Belgium or abroad must be taken into consideration, with the exclusion of certain dwellings (other dwellings of which the owner is only bare owner, dwellings for which the taxpayer has actually granted his right in rem, dwelling which is not personally occupied because of legal or contractual obstacles, or because of the progress of building or renovation work).

The standard rate of the reduction for a modest dwelling is 25%. It is not granted in respect of the part of the dwelling house that is used for the purpose of a trade or business, where that part exceeds one fourth of the cadastral income of the dwelling house.

In the case of the construction of a new dwelling house or the acquisition of a newly built dwelling house, the reduction amounts to 50% during the first five years in which the withholding tax on real estate is due. The taxpayer is not granted this reduction if he has received a subsidy for the construction or the acquisition of that dwelling house.

Rebate for Dependents

This rebate is granted for each person dependent on the taxpayer, the taxpayer’s spouse or legal or actual cohabitant. The rebate amounts to 125 euro per dependent person. As far as dependent children are concerned, the household must be composed of at least two children alive who are part of the household on 1 January of the year. The rebate is doubled (250 euro) for each disabled dependent person or for the disabled spouse. Every foster child is taken into consideration to determine whether the condition according to which at least two children must be alive within the household, has been fulfilled.

Spouses or legal cohabitants (not disabled) do not entitle to the rebate.

Example

Indexed cadastral income: 1,500 euro  
Surcharges: 3,000  
Dependent children: 2  
Computation withholding tax on real estate due to Region: (1,500 x 1.25%) = 18.75 euro  
Computation withholding tax due to local authorities: 30 x 18.75 = 562.50 euro  
Rebate for dependent children: 2 x 125 euro = -250.00 euro  
Total withholding tax: 331.25 euro

Disability and Infirmity

War invalids are granted a 250 euro rebate for the dwelling they occupy as owners or tenants; a disabled taxpayer is entitled to a 125 euro rebate.

These rebates cannot be granted concurrently.

Rebate for Unproductiveness

The rebate for unproductiveness is granted proportionally to the period of non-occupation or unproductiveness of the property. In order to entitle to this proportional rebate, the unproductiveness or non-occupation must be of not less than 180 days in the year.
The unproductiveness must be involuntary. The only fact that the real estate has been simultaneously put on lease and on sale by the taxpayer is not sufficient to prove the unproductiveness.

Where the real estate has no longer been used for more than 12 months, considering the previous tax year, the rebate or reduction for unproductiveness is no longer granted insofar as the non-occupation period exceeds 12 months (those 12 months need not be consecutive). This limitation does not apply where the taxpayer is unable to exercise his right in rem because of a disaster or a case of force majeure.

5.2.3. Exemptions applicable in the Walloon Region

General provisions

Is exempted from withholding tax in the Walloon Region, the cadastral income of:
- service-flats, child care facilities for children under three years of age and care and accommodation facilities for disabled persons;
- real estate situated in the Walloon Region and included within the perimeter of a “Natura 2000” territory, a nature reserve or a forest reserve, or within the perimeter of a candidate site for the Natura 2000 network, and subject to the primary protection system;
- dwellings owned by a natural person and leased or managed by a real estate manager in conformity with the Walloon Housing Code, provided a written agreement has been concluded between the taxpayer and the real estate manager, determining the period during which the dwelling is made available, the amount of the rent asked by the natural person and, if need be, the description of the work to be done;
- real estate used for providing services of general interest in the context of airports and airfields operating activities within the meaning of the Walloon Decree of 23 June 1994 concerning the creation of and operating activities in airports and airfields under Walloon jurisdiction;
- goods owned by the social cooperative company with limited liability "Parc d'Aventures scientifiques".

It should also be mentioned that, certain economic sectors excepted, SMEs having established their seat in the Walloon Region, can be exempted from the withholding tax (from 1 July 2004 on), if they realise certain investment programs. The SME which realises an investment program in the Walloon Region must be:
- either a natural person having the status of trader or being self-employed or an association made up from those persons;
- or one of the companies listed in Article 2, § 2, of the Corporation Code or a European Economic Interest Grouping;
- or a cluster company;
- or a spin-off company.
"Material and equipment" means devices, engines and other facilities useful for commercial, industrial or craft enterprises, except from premises, shelters and their necessary accessories.

Where material and equipment are housed in built or unbuilt real property, the Cadastral administration fixes a separate cadastral income for those elements.

The Cl of material and equipment is exempted from withholding tax on real estate where the Cl of the assets existing on 31 December 2004 is lower than 795 euro per cadastral parcel.

The Cl of material and equipment is also exempted from withholding tax on real estate for new investments acquired or constituted as new as from 1 January 2005. This exemption is total or partial depending on whether, on 31 December 2004, material and equipment had already been housed on the cadastral parcel (on which the new investments are acquired or constituted as new). In the event of an affirmative reply, the exemption only applies to the part of the Cl of material and equipment of that parcel exceeding, after 1 January 2005, the Cl which exists on 1 January 2005.

Finally, an other unconditional exemption from withholding tax on real estate applies to investments in material and equipment acquired or constituted as new from 1 January 2006 on.
5.3. Withholding tax on real estate in the Brussels-Capital Region

5.3.1. Rates

<table>
<thead>
<tr>
<th>Table 5.4.</th>
<th>Rates of withholding tax on real estate in the Brussels-Capital Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic rate</td>
<td>1.25%</td>
</tr>
<tr>
<td>Social dwelling</td>
<td>0.8%</td>
</tr>
<tr>
<td>Material and equipment</td>
<td>0%</td>
</tr>
<tr>
<td>Real estate leased by social real estate agencies located in the Brussels-Capital Region</td>
<td>0%</td>
</tr>
</tbody>
</table>

5.3.2. Reductions and rebates (for built real property)

**Provisions common to the three Regions**

Is not chargeable to withholding tax on real estate income, the cadastral income of:
- immovable property or parts of immovable property used by the occupant, outside any profit seeking, for education (168) or for the establishment of hospitals, rest homes, holiday homes for children or elderly people and homes for orphans,
- immovable property used by foreign states for the establishment of their diplomatic or consular missions,
- immovable property that belongs to the national domain, yields no profit by itself and is used for a public service or a service of public utility.

**Reduction for a modest dwelling**

A reduction is granted for the dwelling entirely occupied by the taxpayer himself where the non-indexed cadastral income of the taxpayer’s real estate holdings located in the Brussels-Capital Region do not exceed 745 euro.

The standard rate of this reduction, which applies to the withholding tax on the main residence, is 25%. In the case of the construction of a new dwelling house or the acquisition of a newly built dwelling house, the reduction amounts to 50% during the first five years in which the withholding tax on that real estate is due. The taxpayer is not granted this reduction if he has received a subsidy for the construction or the acquisition of that dwelling house.

The reduction of 25% (or 50%) in the withholding tax on real estate is granted for the dwelling house located in the Brussels-Capital Region in which the taxpayer is domiciled, provided that this dwelling house:

- is the only immovable property in the Brussels-Capital Region on which the person concerned holds a right in rem resulting in the payment of the withholding tax on real estate;
- of which the non-indexed cadastral income does not exceed 745 euro.

---

168 Immovable property or parts of immovable property must be used almost exclusively as subsidised educational institutions and for activities directly linked thereto.
Part I: Direct taxation

Withholding tax on real estate

REBATE FOR DEPENDENTS

A 10% rebate is granted for each dependent child.

This rebate is granted where the household includes at least:
- a disabled person as defined in Article 135, paragraph 1, Income Tax Code 1992;
- or two children entitling to family allowances.

Example

Indexed cadastral income: 1,500 euro
Surcharges: 3,000
Dependent children: 2
Computation withholding tax on real estate due to Region: \((1,500 \times 1.25\%) = 18.75\) euro
Computation withholding tax due to local authorities: \(30 \times 18.75 = 562.5\) euro
Subtotal: \(581.25\) euro
20% rebate for 2 dependent children: \(- 116.25\) euro
Total withholding tax: \(465.00\) euro

DISABILITY AND INFIRMITY

War invalids and disabled people are granted a 20% rebate for the dwelling they occupy as owners or tenants.

REAL ESTATE HOLDINGS

A new reduction in the withholding tax on real estate has been introduced for real estate partially or totally considered as classified real estate holdings or inscribed on the safeguarding list. The reduction amounts to 20%, 50% or 100%.

5.3.3. Exemptions applicable in the Brussels-Capital Region

General provisions

Is exempted from the withholding tax in the Brussels-Capital Region, the cadastral income of goods that are part of the protected patrimony and that are neither let nor exploited.

Material and equipment

"Material and equipment" means devices, engines and other facilities useful for commercial, industrial or craft enterprises, except from premises, shelters and their necessary accessories.

Where material and equipment are housed in built or unbuilt real property, the Cadastral administration fixes a separate cadastral income for those elements.

Under the implementation of the Brussels tax reform, a 0%-rate has been introduced for the withholding tax on material and equipment.
CHAPTER SIX
WITHHOLDING TAX ON INCOME FROM MOVABLE PROPERTY

What is new?

The legislation described in this chapter includes changes concerning income allocated or made payable in 2018:

- As a reminder: under the new Special Finance Act, the federal authority remains exclusively competent for the withholding tax on income from movable property.

- In order to activate savings, as regards income paid or allocated as from 1 January 2018:
  - the tax exemption applicable to the first bracket of regulated savings deposits has been halved;
  - the tax exemption applicable to the first bracket of dividends from recognised cooperative companies has been abolished;
  - the system under which the first bracket of interest or dividends allocated or assigned by a company with a social objective is exempted, has been limited to interest;
  - a new exemption has been introduced for the first bracket of ordinary dividends, with the exception of dividends distributed by legal arrangements or received through legal arrangements, dividends from undertakings for collective investment, dividends received through common investment funds.

GENERAL RATE OF THE WITHHOLDING TAX AMOUNTING TO 30% FOR THE MOST MOVABLE INCOME AND MISCELLANEOUS MOVABLE INCOME

The rate of the withholding tax on income from movable property amounts as a standard to 30%, with the exception of three income categories (see hereafter: it concerns income from ordinary savings deposits, interest from the so-called “Leterme government bonds” and a portion of income from copyright) (169).

Reduced rates also apply to some dividends. It concerns notably dividends withdrawn from the liquidation reserve and dividends from certain SMEs’ shares.

6.1. Dividends

INTEREST ON ADVANCES RECLASSIFIED AS DIVIDENDS

Interest on advances granted to their company by company managers or by natural persons who are shareholders (or by their spouse or children), is reclassified as dividends insofar as and to the extent that:

- either the interest rate exceeds the normal market rate applicable to the present case;
- or the total amount of interest-bearing advances exceeds the total represented by the paid up capital at the end of the taxable period, increased by the taxed reserves existing at the beginning of this taxable period.

Interest on advances reclassified as dividends is liable to the withholding tax at the 30% standard rate.

169 With the exception of compensations for missing coupons which are taxable at the rate of withholding tax applicable to the income to which these compensations relate.
Interest is not reclassified as dividends where it relates to:
- bonds issued through a public call for funds;
- money loans to cooperative companies recognised by the National Cooperation Council;
- money loans by legal entities liable to corporate income tax.

**Surpluses from Repurchase of Own Shares**

A 30% withholding tax is levied on the amounts allocated for the repurchase by the company of its own shares. The amount liable to withholding tax is the amount defined as a dividend distributed as a result of this transaction under CIT.

**Liquidation Surpluses**

A 30% withholding tax is levied on the amounts allocated as a result of the total or partial distribution of the assets of a resident or foreign company. The amount liable to withholding tax is the amount defined as a dividend distributed at the time this transaction was made under CIT.

In the years 2013 and 2014, according to a transitional system, a reduced rate of 10% applied to dividends corresponding to the decrease in taxed reserves of which the amount had been immediately injected in the capital of the distributing company and maintained for a specific period (4 years for SMEs and 8 years for other companies). Dividends corresponding to taxed reserves, as approved by the General Meeting on 31 March 2013 at the latest, could be distributed with the application of a 10% tax rate, *provided that and insofar as the amount received had been immediately injected in the capital and the capital injection had occurred during the last accounting year ended before 1 October 2014*.

If the "under this measure has been reduced, a withholding tax of 17%, 10% or 5% will apply according to the kind of company concerned (SME or other) and to the year in which the capital reduction occurs (within the 4 or 8 years after the capital injection) (170).

**Liquidation Reserve – SME’s**

A special tax system of liquidation surpluses has been introduced for SMEs (as defined in Art. 15, §§ 1 to 6, of the Corporation Code). Since tax year 2015, SMEs have the possibility to use totally or partially their accounting profit after tax to build up a "liquidation reserve". This reserve must be recorded and held continuously in one or several separate liabilities accounts (it may not be used as basis for any remuneration or allocation). It is liable to a separate tax of 10% when it is built up (171).

No withholding tax will be due on the part of this reserve held until the liquidation of the company.

---

Part I: Direct taxation

Withholding tax on income from movable property

If dividends are distributed via a withdrawal from this reserve before the liquidation of the company, the dividends are subject to the withholding tax on income from movable property at the following reduced rates:

- 20% if the distribution occurs during the first five years (172),
- 5% if the distribution occurs later.

If a part of the liquidation reserve is reduced, the oldest reserves are deemed to be the first withdrawn.

This system also applies to dividends from foreign companies established in a Member State of the EEA, provided that this Member State has decided similar measures to the Belgian system concerning the payment or the allocation of dividends.

Special liquidation reserve – SME’s

It concerns the extension of the principle relating to the building-up of a liquidation reserve regarding accounting profits after taxes relating to tax years 2013 and 2014, still in favour of SME’s as defined in the Corporation Code. Thanks to this extension, the so-called “special” liquidation reserve can eventually be distributed with a withholding tax exemption (if the distribution occurs upon the company liquidation) or at a reduced rate of withholding tax (if the distribution occurs before the liquidation).

The conditions to meet include the spontaneous payment by the company of a special contribution amounting to 10% and the introduction of declaration specific to this contribution respectively on 15 December 2015 or 30 November 2016 at the latest for tax year 2013 or 2014.

The system has been extended to accounting profits after taxes relating to tax year 2012 for certain companies keeping their accounts otherwise than per calendar year, inasmuch as a special contribution amounting to 10% has been reported and paid before 31 March 2018.

Residential real estate investment companies (SICAFI/vastgoedbevaks) / RRECs

Since 1 January 2017, dividends from Belgian or foreign residential real estate investment companies (SICAFI/vastgoedbevaks) and from RRECs are liable to a 30% withholding tax. However, the withholding tax is reduced to 15% for income paid or allocated as from 1 January 2017 if the company invests at least 60% in real estate exclusively or mainly used or intended for care and housing units suited for health care.

 dividends from some shares of SMEs

A reduced withholding tax applies to dividends allocated by SMEs (as defined in Article 15, §§ 1 to 6, of the Corporation Code) to new registered shares issued upon cash contributions carried out as from 1 July 2013 (“VVPR-bis” system).

The withholding tax is equal to:

- 20% for dividends allocated or assigned on the occasion of the profit distribution relating to the second accounting year following that in which the injection occurred;

---

172 The rate was increased from 17% to 20% on 1 January 2017. This increase applies to liquidation reserves built up for a taxable period relating to tax year 2018 at the earliest. As far as previously built up liquidation reserves are concerned, the 17% rate still applies.
Part I : Direct taxation

Withholding tax on income from movable property

- 15% for dividends allocated or assigned on the occasion of the profit distribution relating to the third accounting year following that in which the injection occurred, and of the following profit distributions.

The conditions for the application of those reduced rates of withholding tax are the following:
- it must concern new cash contributions carried out as from 1 July 2013;
- the company benefiting from the capital injection must be a SME as defined in Article 15, §§ 1 to 6, of the Corporation Code (173);
- the new shares must be registered and paid up in full;
- the new shares must be hold by the shareholders in full ownership and for an uninterrupted period as from the capital injection.

Anti-abuse measures complete this system in case of capital increases associated with capital reductions.

DIVIDENDS FROM CERTAIN SHARES OF SMES, RECEIVED THROUGH A PRIVATE PRICAF/PRIVAK

The reduced rates also apply to dividends distributed by a private PRICAF/PRIVAK provided that and inasmuch as the income comes from dividends taken into consideration for the application of the above-mentioned rates of 20% or 15%.

"PARENT-SUBSIDIARY" DIVIDENDS

Dividends allocated by a subsidiary to its parent company are exempted from withholding tax inasmuch as the parent company is located in a Member State of the European Union or in a State with which Belgium has concluded a double taxation agreement (174). To benefit this exemption, the parent company shall maintain or have maintained, during an uninterrupted period of at least one year, a minimum share of 10% in the capital of its subsidiary.

6.2. Interest

The rate of withholding tax on income from movable property amounts generally to 30%.

There are exceptions to this rule relating to the nature of the financial asset or to the status of the investor. Moreover, a special tax system is provided for dematerialised securities.

ORDINARY SAVINGS DEPOSITS (15%)

The first 960 euro bracket (2018 income) of a yearly income from ordinary savings deposits is exempted from withholding tax where the beneficiary is a natural person.

Each spouse or legal cohabitant is entitled to the exemption. The double exemption also applies when only one savings account has been opened in the name of both spouses or legal cohabitants.

---

173 The criterium “small company”, as defined in the Corporation Code, must be assessed for the tax year related to the taxable year in which the capital injection occurred.

174 In the latter case, the extension of the exemption is subordinated to an additional condition: there shall be no restriction as regards the exchange of information which is necessary to apply the provisions of the contracting States’ national law.
The exemption also applies to the first bracket of interest from savings deposits received by credit institutions established in another Member State of the EEA, provided these deposits meet similar requirements to those laid down for Belgian regulated savings deposits.

The taxable interest amount is liable to a 15% withholding tax.

### Exemption conditions for ordinary savings deposits

The exemption applied to the first bracket of interest from ordinary savings deposits is subject to miscellaneous conditions, as detailed in Article 2 of the Royal Decree implementing the Income Tax Code 1992, and of which an overview is presented hereafter.

- **Conditions for the withdrawal from savings books**
  
The conditions should provide for the possibility for the depository bank to require a prior notice of five calendar days to withdraw amounts exceeding 1,250 euro, and to limit withdrawals to a maximum of 2,500 euro per half month.

- **Income components**
  
  Income from savings deposits consists compulsory and exclusively of a base interest rate and a loyalty bonus. The growth bonus can no longer be granted.

- **Level of income from savings deposits**
  
  The base interest rate cannot exceed the highest of the following rates: either 3%, or the rate applied by the ECB for its main refinancing operations on the 10th day of the month preceding the current calendar six-month period (i.e. the ECB’s rate on 10 December 2017 for the first six-month period of 2018 and on 10 June 2018 for the second six-month period of 2018).
  
  In principle, the rate of the loyalty bonus cannot exceed 50% of the maximum base interest rate and cannot be less than 25% of the base interest rate granted.

- Only one base rate can be granted for a same savings deposit at a specific time (and not several base rates applicable to different brackets of the deposit).

- **Calculation method of the loyalty bonus and period over which it must be calculated**
  
  A loyalty bonus is granted for each amount invested for twelve consecutive months in the same savings deposit. The loyalty bonus remains acquired, provided certain conditions are met, when a saver transfers funds to another savings deposit he holds in the same bank.
  
  The loyalty bonus is calculated as from the day following the deposit day.
  
  Loyalty bonuses must be taken into consideration as from the first day following the quarter during which they are acquired. Loyalty bonuses acquired during the first, second, third and fourth quarters, bear a basic interest as from respectively 1 April, 1 July, 1 October and 1 January following this quarter.

- **Observance of the maximum exemption**
  
  The depository bank must consider whether the first exempted bracket of interest is reached whenever the basic interest and the loyalty bonus are taken into account, considering all amounts allocated during the taxable period.
Part I: Direct taxation

Withholding tax on income from movable property

**INTEREST FROM GOVERNMENT BONDS SUBSCRIBED TO BETWEEN 24 NOVEMBER 2011 AND 2 DECEMBER 2011, AND ISSUED ON 4 DECEMBER 2011**

A 15% withholding tax is levied on interest from these government bonds (the so-called “Leterme government bonds”).

**CAPITALISATION BONDS**

With respect to financial assets with capitalisation of interest, any amount attributed by the issuer, at any moment, in excess of the issue price, is a taxable income from movable property.

Furthermore, as a rule, the collection of withholding tax on income from movable property shall not be waived (175). This withholding tax is due upon the refund or the repurchase of the shares by the issuer, on the difference between the transaction price and the issue price.

**CAPITALISATION SICAVs/BEVEKS AND FUNDS**

Income from capitalisation SICAVs/BEVEKS and capitalisation funds of which the portfolio of assets consists of more than 10% of interest-bearing debt securities (176) (e.g.: bonds) is subject to a 30% withholding tax on income from movable property. Income from the “debt component” of investments made by the SICAVs/BEVEKS or the funds (including capital gains and after deduction of capital losses) is taxable.

As appropriate, a lump sum income is fixed.

**ASSOCIATED COMPANIES: APPLICATION OF THE “INTEREST-ROYALTY DIRECTIVE”**

Interest allocated by a domestic company to a domestic associated company or to an associated company situated in another EU Member State is exempted from withholding tax on income from movable property.

Two companies are deemed to be “associated companies” where one of them has a direct or indirect minimum holding of at least 25% in the capital of the second or where a third company established in the European Union has a direct or indirect holding of 25% in the capital of both the first and the second company. This holding must be or have been maintained during an uninterrupted period of at least one year.

The waiver of withholding tax on income from movable property only applies where the rights or debt-claims in respect of which the interest is paid, have not been held, at any time during the income-generating period, by an establishment situated outside the European Union.

The burden of proof as to the fulfilment of the requirements needed to be exempted from withholding tax, lies with the taxpayee, notably by obtaining a certificate relating to the beneficiary's status.

**AUTOMATIC EXCHANGE OF INFORMATION**

Cooperation measures provided for in the Savings Directive, which was repealed on 1 January 2016 (177), have been replaced by the implementation of Directive 2014/107/EU which has a broader scope.

---

175 Unless the income payer and the beneficiary are associated companies as referred to hereafter.
176 The rate amounts to 25% for the shares of undertakings for collective investment acquired before 1 January 2018.
177 Cf. previous editions of the Tax Survey concerning the Savings Directive.
164 The Tax Survey should not be considered as an administrative circular, no rights can be founded on it.

January 2018 issue.
Part I: Direct taxation

Withholding tax on income from movable property


Exemptions in respect of the investors’ status

There are five distinct categories of investors (178):

- **“financial institutions”** (FI) means banks, insurance companies, credit unions, financial enterprises and, more broadly, public and private institutions having a legal personality and of which the activity consists solely in granting credits and loans,
- **“semi-public social security institutions”** (SPSSI) means health insurance funds and institutions created within the framework of social legislation,
- **“professional investors”** (PI) means notably companies liable to CIT and Belgian branches of foreign companies liable to non-resident income tax/CIT,
- **“private savers”** (PS) means all taxpayers who are Belgian residents and have not used their interest bearing movable property for their professional activity;
- **“non-resident savers”** (NRS) means taxpayers liable to non-resident income tax who have not used their movable capital for their professional activity in Belgium.

The table hereafter summarises the main exemptions (E), which are generally conditional, according to the investor’s status and the kind of income.

<table>
<thead>
<tr>
<th>Table 6.1. Withholding tax: exemptions according to the investor’s status</th>
</tr>
</thead>
<tbody>
<tr>
<td>public funds, bonds, savings certificates and similar securities</td>
</tr>
<tr>
<td>income from debt-claims and loans</td>
</tr>
<tr>
<td>mortgage loans</td>
</tr>
<tr>
<td>other loans</td>
</tr>
<tr>
<td>ordinary savings deposits</td>
</tr>
<tr>
<td>other deposits</td>
</tr>
</tbody>
</table>

(178) There is also the specific case of associated companies as referred to above.

6.3. Other movable income

Copyright and related rights

The system as regards copyright and related rights is described in Chapter 1, on page 30.

A 15% withholding tax on income from movable property applies to the first 59,970 euro bracket (amount for the year 2018) of gross income from copyright (moreover, actual or lump sum professional expenses can be deducted). Gross income exceeding 59,970 euro is liable to the withholding tax at the 30% standard rate.

All income from copyright must be mentioned in the personal income tax return.

The Tax Survey should not be considered as an administrative circular, no rights can be founded on it. January 2018 issue.
CHAPTER SEVEN
WITHHOLDING TAX ON EARNED INCOME AND ADVANCE PAYMENTS (AP)

What is new?

- Under the new Special Finance Act, the federal authority remains exclusively competent for the withholding tax on earned income.
- Annual indexation.
- Impact of the tax shift on the calculation of the withholding tax.
- Rate of the withholding tax applicable to income from collaborative economy (applicable to income paid or allocated as from 1 March 2017).
- Extension of the exemption of payment for R&D to research workers holding a bachelor’s degree.

This chapter relates to withholding tax on earned income and to advance payments of the year 2018.

7.1. Computation of the withholding tax on earned income (179)

This chapter only relates to withholding taxes on income earned by residents. Only the most frequent forms of remuneration are dealt with, i.e. the general system applying to employees’ and director’s remunerations and some particular cases.

7.1.1. Employees’ remunerations

The tax deducted at source is withheld by the employer and computed in seven main steps (180):

- deduction of the social security contributions,
- deduction of the professional expenses,
- application of a tariff aligned with the PIT tariff,
- taking into consideration of the basic zero-rate band,
- taking into consideration of the family situation,
- application of the tax credits,
- computation of the monthly amount.

179 The ways of implementation applicable to the withholding tax on earned income allocated or made payable as from 1 January 2018 are published in the BOJ of 15 December 2017.

180 The 7% local surtaxes have been taken into account for the calculation of the withholding tax on earned income.
Part I: Direct taxation

Withholding tax on earned income and advance payments

A. **Deduction of social security contributions**

From the gross income are subtracted the employee’s social security fees and other levies made in pursuance of the legal or assimilated administrative status. The special social security contribution is not deductible though.

B. **Deduction of lump sum professional expenses**

The annual income is then transformed into a net annual income by subtracting the lump sum professional expenses.

**Table 7.1.**

*Professional expenses and computation of the withholding tax on earned income*

<table>
<thead>
<tr>
<th>Gross annual income</th>
<th>Professional expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>on lower limit</td>
<td>% above lower limit</td>
</tr>
<tr>
<td>-------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>0 - 15,733.33</td>
<td>0</td>
</tr>
<tr>
<td>More than 15,733.33</td>
<td>4,720.00</td>
</tr>
</tbody>
</table>

C. **Scale**

The common scale shown in Table 7.2 applies as it is:
- where the beneficiary of the income is single;
- where the beneficiary’s spouse has also an own earned income consisting exclusively of pensions, annuities or assimilated benefits exceeding a monthly net amount of 135 euro. “Net” amount means the amount after deduction of social security contributions and after deduction of 20% of the remainder.

From 1 January 2004, legal cohabitants have been assimilated to married people. So the term “spouse” also covers a “legal cohabitant”.

**Table 7.2.**

*Computation of withholding tax on earned income – Common scale*

<table>
<thead>
<tr>
<th>Net taxable annual income</th>
<th>“base tax”</th>
</tr>
</thead>
<tbody>
<tr>
<td>on lower limit</td>
<td>% above lower limit</td>
</tr>
<tr>
<td>-------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>0 - 12,600</td>
<td>0.00</td>
</tr>
<tr>
<td>12,600 - 18,610</td>
<td>3,370.50</td>
</tr>
<tr>
<td>18,610 - 39,660</td>
<td>5,942.78</td>
</tr>
<tr>
<td>39,660 and more</td>
<td>16,078.36</td>
</tr>
</tbody>
</table>

A particular provision applies:
- where the beneficiary’s spouse has no earned income of his/her own;
- where, on 1 January 2018, the beneficiary’s spouse has an own earned income consisting exclusively of pensions, annuities or assimilated benefits not exceeding a monthly net amount of 135 euro. “Net” amount means the amount after deduction of social security contributions and after deduction of 20% of the remainder.
Part I: Direct taxation  
Withholding tax on earned income and advance payments

The withholding tax on earned income is then computed as follows:

- 30% of the beneficiary’s net taxable annual income is attributed to his/her spouse, with a maximum of 10,710 euro. The amount attributed is “Income B”, the remainder being “Income A”;
- the common scale is then applied to both Income A and Income B;
- finally, the addition of both results gives the “base tax”.

D. Taking into consideration of the zero-rate band

When the common scale, as mentioned in Table 7.2, applies as it is, the base tax computed according to that scale shall be reduced by 1,690.60 euro, but this reduction shall on no account result in a negative base tax.

When the particular provision applies, which divides the taxable income in two parts (one-earner families or equivalent), the “base tax” which result from adding the results of the application of the scale to “Income A” and “Income B”, is reduced by 3,381.20 euro, but this reduction shall on no account result in a negative base tax.

E. The family situation

Step five takes account of the family situation by granting the following tax reductions:

Table 7.3.
Reductions of withholding tax for dependent children and specific family situations (181)

<table>
<thead>
<tr>
<th>Number of dependent children and specific family situations</th>
<th>Annual reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>432</td>
</tr>
<tr>
<td>2</td>
<td>1,164</td>
</tr>
<tr>
<td>3</td>
<td>3,036</td>
</tr>
<tr>
<td>4</td>
<td>5,448</td>
</tr>
<tr>
<td>5</td>
<td>8,124</td>
</tr>
<tr>
<td>6</td>
<td>10,824</td>
</tr>
<tr>
<td>7</td>
<td>13,536</td>
</tr>
<tr>
<td>8</td>
<td>16,452</td>
</tr>
<tr>
<td>for each child beyond the eighth</td>
<td>3,012</td>
</tr>
<tr>
<td>single person (except where the taxable income consists of pensions or of unemployment with company allowance)</td>
<td>300</td>
</tr>
<tr>
<td>widow(er) not married again, with dependent children</td>
<td>432</td>
</tr>
<tr>
<td>single parent family, with dependent children</td>
<td>432</td>
</tr>
<tr>
<td>disabled taxpayer (182)</td>
<td>432</td>
</tr>
<tr>
<td>for ascendants and collaterals up to the second degree and aged 65 at least: for each dependent person</td>
<td>876</td>
</tr>
<tr>
<td>for all other dependent persons</td>
<td>432</td>
</tr>
</tbody>
</table>

181 Disabled children and other disabled dependent persons count for two.
182 This reduction applies to each of the spouses.
A tax credit of 1,350 euro is yearly granted where the income beneficiary’s spouse has own professional income not consisting of pensions, annuities or assimilated benefits and not exceeding 225 euro per month.

A tax credit of 2,700 euro is yearly granted where the income beneficiary’s spouse has own professional income exclusively consisting of pensions, annuities or assimilated benefits and not exceeding 450 euro per month.

The ceilings of 225 euro and 450 euro per month are assessed on the basis of 80% of the gross income after deduction of the social security contributions.

F. Other tax credits

- Where appropriate, 30% of the mandatory deductions implementing a group insurance contract or a precautionary provision for old age and premature death are deducted from the “base tax”.

- A tax credit is granted for the first annual 130 hours of overtime by workers. The credit is computed on the basis of the “gross amount NOSS - National Office For Social Security” (i.e. before deduction of the personal social contributions) of the remunerations on which overtime pay has been calculated. The credit amounts to 57.75% where overtime pay is equal to 50% or 100%, and to 66.81% where overtime pay is equal to 20%.

The upper limit of 130 hours of overtime has been increased to 180 hours for workers employed by employers carrying out construction works, provided the employers use an electronic attendance registration system.

The upper limit of 130 hours of overtime has been increased to 360 hours for workers employed by employers who come under the joint committee for the hotel industry or the joint committee for temporary work if the user comes under the joint committee for the hotel industry.

However, the above-mentioned tax credit does not apply to hours of overtime entitling to the application of Article 38, §1, paragraph 1, 30°, Income Tax Code 92.

- A tax credit of 84 euro is granted to employees whose taxable monthly remuneration does not exceed 4,205 euro.

- A tax credit is granted to low-income workers entitled to the employment bonus (183). It is equal to 28.03% of the amount of the employment bonus actually granted.

G. Computation of monthly amount

The amount of tax thus obtained is then divided by 12 so as to determine the amount of withholding tax to deduct from monthly earned income.

7.1.2. Holiday pay and other exceptional allowances

For holiday pay and other exceptional allowances paid by usual employer, the withholding tax on earned income to be deducted is calculated according to a special scale, whereby the rate varies according to the normal gross annual income and not to the income actually paid out.

---

183 The employment bonus (or social bonus) is a reduction of the personal social security contributions targeted on low-income workers. It is also granted to some workers affected by restructuring. It is a lump sum reduction that decreases progressively where the reference wage increases.
Part I: Direct taxation

Withholding tax on earned income and advance payments

Table 7.4.
Scale of withholding tax on earned income applicable to the holiday pay paid by the employer and to other exceptional allowances

<table>
<thead>
<tr>
<th>Normal gross annual income (euro)</th>
<th>Applicable rate of withholding tax on earned income %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Annual holiday pay</td>
</tr>
<tr>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>8,290.01</td>
<td>19.17</td>
</tr>
<tr>
<td>10,615.01</td>
<td>21.20</td>
</tr>
<tr>
<td>13,500.01</td>
<td>26.25</td>
</tr>
<tr>
<td>16,190.01</td>
<td>31.30</td>
</tr>
<tr>
<td>18,320.01</td>
<td>34.33</td>
</tr>
<tr>
<td>20,460.01</td>
<td>36.34</td>
</tr>
<tr>
<td>24,730.01</td>
<td>39.37</td>
</tr>
<tr>
<td>26,910.01</td>
<td>42.39</td>
</tr>
<tr>
<td>35,630.01</td>
<td>47.44</td>
</tr>
<tr>
<td>46,530.01 and more</td>
<td>53.50</td>
</tr>
</tbody>
</table>

Exemptions for dependent children are subsequently taken into account.

Where the annual amount of the normal gross salary does not exceed the maximum amount mentioned in the Table 7.5. according to the number of dependent children, the exceptional allowance is exempted up to the difference between the amount mentioned in the table and the annual amount of the normal gross salary.

Table 7.5.
Withholding tax on exceptional allowances
Exemption limit for dependent children

<table>
<thead>
<tr>
<th>Number of dependent children (1)</th>
<th>Maximum amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>11,286</td>
</tr>
<tr>
<td>2</td>
<td>14,829</td>
</tr>
<tr>
<td>3</td>
<td>20,140</td>
</tr>
<tr>
<td>4</td>
<td>25,770</td>
</tr>
<tr>
<td>5</td>
<td>31,390</td>
</tr>
<tr>
<td>6</td>
<td>37,010</td>
</tr>
<tr>
<td>7</td>
<td>42,630</td>
</tr>
</tbody>
</table>

(1) A disabled dependent child counts for two.

So the holiday pay of a taxpayer with four dependent children and a gross annual salary of 13,000 euro, is exempted up to 25,770 euro - 13,000 euro = 12,770 euro.

When the recipient of an exceptional allowance has no more than five dependent children and the annual amount of his normal gross salary does not exceed the amount which - according to the number of dependent children - is mentioned in column 3 or 4 of Table 7.6, a reduction is granted on the withholding tax; that reduction is calculated according to the number of dependent children on the basis of the percentage mentioned in column 2 of the Table 7.6.
Part I: Direct taxation

Withholding tax on earned income and advance payments

Table 7.6.

Withholding tax on exceptional allowances

Reduction for dependent children

<table>
<thead>
<tr>
<th>Number of dependent children (1)</th>
<th>Percentage of the reduction</th>
<th>Annual amount of the normal gross salary beyond which no reduction is granted</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>7.5</td>
<td>22,485</td>
</tr>
<tr>
<td>2</td>
<td>20</td>
<td>22,485</td>
</tr>
<tr>
<td>3</td>
<td>35</td>
<td>24,730</td>
</tr>
<tr>
<td>4</td>
<td>55</td>
<td>29,230</td>
</tr>
<tr>
<td>5</td>
<td>75</td>
<td>31,480</td>
</tr>
</tbody>
</table>

(1) A disabled dependent child counts for two.

7.1.3. Salary arrears and redeployment allowances

The withholding tax on salary arrears and on redeployment allowances is calculated according to a "reference salary".

This corresponds in principle to the annual amount of the normal gross salary the beneficiary of the income enjoyed immediately before the revision which led to the payment of the arrears.

Table 7.7.

Scale applicable to arrears

<table>
<thead>
<tr>
<th>Reference salary (euro)</th>
<th>Percentage of the withholding tax to be paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>9,215.01</td>
<td>2.68</td>
</tr>
<tr>
<td>11,060.01</td>
<td>6.57</td>
</tr>
<tr>
<td>12,285.01</td>
<td>10.77</td>
</tr>
<tr>
<td>14,745.01</td>
<td>13.55</td>
</tr>
<tr>
<td>15,980.01</td>
<td>16.55</td>
</tr>
<tr>
<td>17,815.01</td>
<td>19.17</td>
</tr>
<tr>
<td>20,885.01</td>
<td>24.92</td>
</tr>
<tr>
<td>27,025.01</td>
<td>29.93</td>
</tr>
<tr>
<td>33,170.01</td>
<td>31.30</td>
</tr>
<tr>
<td>43,000.01</td>
<td>36.90</td>
</tr>
<tr>
<td>48,525.01</td>
<td>38.96</td>
</tr>
<tr>
<td>55,285.01</td>
<td>40.93</td>
</tr>
<tr>
<td>64,495.01</td>
<td>42.92</td>
</tr>
<tr>
<td>77,400.01</td>
<td>44.99</td>
</tr>
<tr>
<td>97,050.01</td>
<td>46.47</td>
</tr>
<tr>
<td>111,795.01</td>
<td>47.48</td>
</tr>
<tr>
<td>131,450.01</td>
<td>48.00</td>
</tr>
</tbody>
</table>

Subsequently, the exemption for dependent children is taken into account using a particular method. In particular, where the reference salary does not exceed the maximum amount which is mentioned in Table 7.5. sub 7.1.2., the salary arrears are exempted up to the difference between the said maximum amount and the reference salary.
7.1.4. Termination compensation

The withholding tax on earned income levied on termination compensation, is calculated according to the rules set forth above in respect of arrears.

The reference salary to be taken into account is the one upon which the calculation of the compensation was based, or, failing that, the salary which was paid to the recipient during the last period of normal activity in the service of the employer who pays the compensation.

7.1.5. Company managers

Remunerations paid or allocated to company managers are liable to withholding tax on earned income. A distinction is made between periodical and non-periodical remunerations.

A. Periodical remunerations

The withholding tax is calculated on the basis of the method applicable to wage and salary earners, with the exception of three specific points:

- To allow these taxpayers to take account of the social contributions for self-employed and of the "minor risk" sickness insurance contributions, a reduction is applied on their gross income, which is calculated as follows:

<table>
<thead>
<tr>
<th>Gross amount of monthly remuneration</th>
<th>Reduction</th>
<th>on lower limit</th>
<th>% above the limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 1,145</td>
<td>320,00</td>
<td>320,00</td>
<td>21.50%</td>
</tr>
<tr>
<td>1,145 - 4,935</td>
<td>320,00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4,935 - 7,260</td>
<td>1,134.85</td>
<td>1,134.85</td>
<td>14.50%</td>
</tr>
<tr>
<td>7,260 and more</td>
<td>1,471.98</td>
<td></td>
<td>0.00%</td>
</tr>
</tbody>
</table>

- Deductible professional expenses are calculated at the single rate of 3% with a maximum of 2,490 euro.

- The tax credit for low- or middle-income company managers amounts to 84 euro per year and is granted where the taxable monthly remuneration does not exceed 3,930 euro.

Company managers subject to the employees’ social security system and entitled to the employment bonus, are also entitled to the reduction in withholding tax on earned income. This reduction amounts to 28.03% of the employment bonus.
Part I: Direct taxation

Withholding tax on earned income and advance payments

B. Non-periodical remunerations

The withholding tax on earned income applicable on non-periodical remunerations is equal to 12 times the difference between:
- on the one hand, the withholding tax due on the sum of the periodical remunerations of the month in which the non-periodical remunerations are allocated, increased by one twelfth of the non-periodical remuneration;
- and, on the other hand, the withholding tax on earned income applicable on the periodical remunerations for the month in which the non-periodical remunerations are allocated.

7.1.6. Attendance fees, commissions

Attendance fees as well as compensation and allowances awarded occasionally are liable to withholding tax on earned income calculated as follows:

Table 7.9. Withholding tax on earned income payable on attendance fees, commissions and other occasional allowances

<table>
<thead>
<tr>
<th>Amount of the compensation</th>
<th>Withholding tax rate on earned income (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.00 - 500.00</td>
<td>27.25</td>
</tr>
<tr>
<td>500.01 - 650.00</td>
<td>32.30</td>
</tr>
<tr>
<td>650.01 and more</td>
<td>37.35</td>
</tr>
</tbody>
</table>

7.1.7. Students

In derogation from all the provisions mentioned above, no withholding tax is due on remunerations paid or allocated to students with a written employment contract not exceeding 475 working hours per calendar year.

This tax exemption is granted only where, apart from the solidarity contribution, no social security contributions are due on the payments.

7.1.8. Young workers

No withholding tax is due on remunerations paid or allocated to young workers who meet the conditions of eligibility for school-leavers’ unemployment benefits (art. 36, §1, para.1, 1° to 3° of the Royal Decree of 25 November 1991 imposing regulations on unemployment), provided the work is carried out under the terms of an employment contract starting in October, November or December of the preceding year and provided the gross amount of the remunerations does not exceed 3,225 euro a month.

7.1.9. Casual labour in the Horeca sector

The rate of the withholding tax on earned income has been uniformly (without reduction) fixed at 33.31% for remunerations entitled to separate taxation. The conditions are the following:
- the remunerations must relate to services supplied during maximum 50 days per calendar year;
- the employer and the worker must conclude a fixed-term employment contract or a contract for a clearly determined job not exceeding 2 consecutive days;
Part I: Direct taxation

Withholding tax on earned income and advance payments

- the employer must come under the joint committee for the hotel industry or under the joint committee for temporary work if the user comes under the joint committee for the hotel industry;
- the calculation of the social security contributions must be based on a hourly or daily lump sum amount.

7.2. Exemptions of payment

The withholding tax on earned income, computed as described in paragraph 7.1., is in principle withheld by the employer and paid to the tax administration.

In some cases, the most important of which are commented upon below, the employer is entitled to a partial exemption of payment which has no impact on the amount withheld. The part of the withholding tax that is deducted but not paid to the tax administration stays at the disposal of the employer. As a result, this mechanism works as a wage subsidy to the employer. The exemption has no impact on the withholding tax credited against the tax to be paid by the income recipient.

7.2.1. Structural reduction

Historical overview

The law of 17 May 2007 had introduced a structural exemption of payment, calculated on the basis of the gross remunerations. The rate of this exemption (initially amounting to 0.25%) has been progressively increased to 1% on 1 January 2010. This increase did not apply de facto to the non-profit sector because the additional exemption of payment has been replaced by a payment to the “Maribel Social” Funds, which must still be made.

Current situation – applicable since 1 April 2016

Major changes have been made in the rates of the structural reduction for remunerations paid or allocated as from 1 April 2016, notably as a consequence of the conversion of the structural reduction in charges by 1%, for the profit sector, into an additional reduction in the basic rate of the employers’ contributions.

For employers who are either considered as small companies, as defined in article 15, § 1 to 6, of the Corporation Code, or natural persons meeting mutatis mutandis the criteria set out in the same article 15, the rate amounts now to 0.12% (remunerations paid or allocated as from 1 April 2016).

However, as far as the non-profit sector is concerned, the structural reduction in charges is still amounting to 1%. With respect to small companies in the non-profit sector meeting the above-mentioned criteria defining the small company, the rate of the exemption has been increased to 1.12%. Employers in the non-profit sector have still to pay three-quarters of the unpaid withholding tax on earned income to the “Maribel Social” Funds.

Likewise, the 1% rate remains applicable to the autonomous public undertakings Proximus and bpost.
Part I : Direct taxation

Withholding tax on earned income and advance payments

7.2.2. Research workers

Since 1 July 2013, the exemption of payment of withholding tax on earned income has amounted to 80% for:
- universities and “hautes écoles” (non-university tertiary education), as well as for the “Federaal Fonds voor Wetenschappelijk Onderzoek – Fonds fédéral de la Recherche scientifique”, the “FRS-FNRS” (Fonds de la Recherche Scientifique – FNRS) and the “FWO-Vlaanderen” (Fonds voor Wetenschappelijk Onderzoek Vlaanderen);
- scientific institutions approved by Royal Decree;
- private companies employing research workers implied in research or development projects or programs in collaboration with institutions referred to in the first and second indents above (184);
- companies employing research workers having either a PhD in Applied Sciences, Exact Sciences, Medicine, Veterinary Medicine or Pharmaceutical Sciences or Civil Engineering, or a Master or equivalent in fields of sciences (185). Those persons shall be working on R&D programs;
- remunerations paid by the “Young Innovative Companies”.

“Research or development projects or programs” mean projects or programs aiming at basic research, industrial research or experimental development. The registration with the Federal Public Planning Service (PPS) Science Policy has now been made mandatory to be entitled to the exemption from withholding tax on earned income.

Table 7.10

Calculation of the exemption of payment of withholding tax for research workers holding a bachelor’s degree

<table>
<thead>
<tr>
<th>Remunerations paid or allocated</th>
<th>From 1 January 2018 to 31 December 2019</th>
<th>As from 1 January 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applicable rate</td>
<td>40% of the withholding tax levied</td>
<td>80% of the withholding tax levied</td>
</tr>
</tbody>
</table>

However, the total amount of the exemption of payment, as computed above, has been limited to 25% of the total amount of the exemption of payment of the withholding tax levied on the remunerations to be taken into consideration, paid to research workers holding a Master or a PhD in a specific field of study.

This rate has been doubled for companies considered as small companies, as defined in Article 15 of the Corporation Code, for the tax year relating to the taxable period in which the remunerations have been paid.

7.2.3. Team bonuses and night shift differentials

The part of the withholding tax on earned income which is not to be paid to the tax administration by companies of which work schedules include teamwork or night shifts, has been set at 22.8% of all taxable remunerations received by all workers to whom this exemption system applies, including team bonuses but excluding holiday allowances, end-of-year payments and salary arrears.

---

184 For those companies, the exemption of payment has been extended to research workers holding an academic or professional bachelor’s degree in a specific field of study. Previously, only PhDs or Masters were taken into consideration.

185 A list of all Masters entitling to the exemption from withholding tax on earned income, can be found in article 275/3 §2, Income Tax Code 1992.

176 The Tax Survey should not be considered as an administrative circular, no rights can be founded on it.

January 2018 issue.
This exemption of payment has been extended to autonomous public undertakings (Proximus, bpost and companies from the SNCB/NMBS Group) and to the public limited company HR Rail.

**Continuous work**

The exemption has been increased by 2.2 points (i.e. 25%) for companies applying a continuous work system. “Continuous work” means work carried out by workers divided into at least four teams of at least two workers. Those teams do the same work (regarding as well the purpose as the extent), ensure a continuous occupation in the week and in the weekend, work shifts continuously and without overlapping exceeding a quarter of the day-to-day activities. Uptime in those companies amounts to at least 160 hours on a weekly basis.

**High-technology products**

This exemption amounting to 2.2 points is also granted to companies producing high-technology products (and which are entitled to the increased spread deduction for investment). The increased exemption of payment is only granted for remunerations of workers who are actually employed to produce high-technology products.

**Teams in the building sector**

The concept of companies of which work schedules include teamwork has been extended to companies carrying out construction works and the like. Under this system, a gross hourly wage amounting to at least 17.42 euro has been assimilated to a team bonus. The rate of the exemption of payment has been limited to 3% of all taxable remunerations received by all workers concerned. The exemption of payment only applies where construction works are carried out in team and in situ.

**7.2.4. Overtime pay**

For the employees, the tax relief consists of a tax credit implemented in the calculation of the withholding tax on earned income and for their employers in the market sector or temping sector, the advantage consists of a partial exemption of payment to the tax administration of withholding tax on earned income. The tax relief has been extended to autonomous public undertakings (Proximus, bpost and companies from the SNCB/NMBS Group) and to the public limited company HR Rail.

The exempted amount of withholding tax on earned income not to be paid to the tax administration amounts to:

- 32.19% of the gross amount (basic salary) of the remunerations paid for hours of overtime to which an overtime pay of 20% applies;
- 41.25% of the gross amount of the remunerations for hours of overtime to which an overtime pay of 50% or 100% applies.

This exemption applies to the first 130 hours of overtime, per employee and per year.

The number of hours of overtime has been increased to 180 hours in the building sector. The condition is that employers carrying out construction works must use an electronic attendance registration system on temporary or mobile work sites.
The number of hours of overtime has been increased from 130 to 180 hours in the Horeca sector, provided that employers use in each operating area a cash register system which has been registered with the tax administration.

Those measures have been somewhat changed by the Horeca plan:
- increase from 180 to 360 hours of overtime;
- the cash register system is no longer required;
- the tax credit and the exemption of payment for hours of overtime do not apply to remunerations paid for non-recoverable hours of overtime.

The number of hours of overtime has been increased to 360 hours for employers who come under the joint committee for the hotel industry or the joint committee for temporary work if the user comes under the joint committee for the hotel industry.

This extension to the first 360 hours of overtime applies to remunerations paid or allocated as from 1 December 2015.

7.2.5. Sportsmen

Since 1 January 2008, a partial exemption of payment of withholding tax on earned income up to 80% has been granted for remunerations paid or granted by sporting clubs to sportsmen younger than 26.

Sporting clubs may also benefit the partial exemption of payment of withholding tax on earned income for sportsmen aged 26 or older, on the understanding that half of this exemption of payment is devoted, within a given period, to the training of young sportsmen. Amounts devoted to the training of young sportsmen cover the payment of trainers’ and coaches’ wages on the one hand, and of young sportsmen’s wages on the other hand.

Young sportsmen’s remunerations considered as valid devoted amounts cannot exceed, per young sportsman, eight times the minimum remuneration entitling to the status of remunerated sportsman, this remuneration being currently fixed at 10,200 euro (186).

Remunerations earned by the sportsman as manager, do not entitle to the partial exemption of payment of withholding tax on earned income.

7.2.6. Investment in assisted areas and new jobs (187)

In assisted areas (cf. infra), employers creating new jobs as a result of an investment, are entitled, provided some conditions are met and for two years, to a partial exemption of payment of withholding tax on earned income levied on remunerations from employment relating to those new jobs.

Assisted areas

The entitling assisted areas are designated on a proposal from the Regions. Those areas must be characterised by collective redundancies of workers in one or several establishments of one

---

186 Amount applicable from 1 July 2017 to 30 June 2018 (Royal Decree of 17 May 2017).
187 For further information about this exemption, cf. FAQ ‘Investment in assisted areas’ on the following website (only available in French and Dutch): http://finances.belgium.be/fr/entreprises/personnel_et_remuneration/precompte_professionnel/exonerations/investissement_zone_aide
Part I: Direct taxation  Withholding tax on earned income and advance payments

or several companies located in a continuous 20 km² area included in a circle of maximum 5 km radius.

“Collective redundancies” means that a set of redundancies unrelated to the worker has affected at least 500 workers during a three-year period and that the procedure for collective redundancies has been followed.

In case of large-scale collective redundancies, the Regions can propose an assisted area to the federal government for maximum 6 years. The designated assisted areas must be located within a radius of up to 40 km from the establishments affected by collective redundancies. Each Region can designate maximum four assisted areas affected by collective redundancies.

The implementation of this exemption requires a cooperation agreement between the Federal State and each of the three Regions. Only the Flemish Region and the Walloon Region have currently signed such an agreement.

Rate of the exemption, exclusions and cumulation

The exemption of payment of withholding tax on earned income amounts to 25% of the withholding tax on earned income levied on remunerations taken into consideration.

Some sectors are excluded: fishing and aquaculture, the steel sector, the synthetic fibres sector, the transport sector, aviation and airport operation, energy production and distribution and energy infrastructures, the shipbuilding sector, coal extraction.

This measure does not apply to workers’ remunerations to which an exemption of payment for hours of overtime has already been applied as regards merchant shipping, towage and dredging, scientific research, fishing or sportsmen. However, the measure can be combined with the partial exemption of payment for night shifts and teamwork, the structural reduction or the exemption of payment applicable to start-up companies.

Applicable definition of SME

The definition of SME used for the application of this measure is not the one referred to in the Corporation Code but the definition used under the European State aid system.

Amongst the employers active in an assisted area, only those who have made an investment relating to the creation of one (or several) job(s) are entitled to the partial exemption of payment of withholding tax on earned income.

Grant conditions

The exemption of payment of withholding tax on earned income is conditional. It is definitively granted only if the new job created by the investment was maintained during at least three years (five years for large businesses). Should this not be the case, the withholding tax on earned income not paid remains payable.
Part I: Direct taxation

7.2.7. Start-up companies

This partial exemption applies to remunerations paid or allocated as from 1 August 2015. The exemption applies to as well (start-up) companies as starters/natural persons (single-member companies) and it can be combined with the other exemptions of payment of withholding tax on earned income.

The employer must be a small company as defined in Art. 15 of the Corporation Code or a natural person meeting *mutatis mutandis* the criteria referred to in the above-mentioned Art. 15. As far as the employing company is concerned, the criteria must be applied on a consolidated basis.

Companies concerned: start-up companies in the profit sector

It concerns employers registered for maximum 48 months in the Crossroads Bank for Enterprises (CBE). Only the profit sector is concerned by this new system of partial exemption of payment of withholding tax on earned income.

Withholding tax on workers’ remunerations

The exemption only applies to the withholding tax levied on workers’ remunerations and not to the withholding tax levied on company managers’ remunerations.

Rate of the exemption

The rate of the exemption amounts to 10%, but the rate has been increased to 20% for employers meeting the criteria referred to in the European accounting directive defining “microentities”.

In order to be considered as a microentity, the company must meet at least two of the following three criteria:
- the balance sheet total is not higher than 350,000 euro;
- the turnover, exclusive VAT, is not higher than 700,000 euro;
- the average number of workers employed during the year is not higher than 10.

7.3. Advance payments (AP)

Traders, company managers, members of liberal professions and companies have to make advance payments in four quarterly instalments (10 April 2018, 10 July 2018, 10 October 2018 and 20 December 2018) (188). By paying these instalments, they prevent tax increases.

A dispensation of tax increase may be given, for the first three years of activity, when a self-employed person sets up a business for the first time as a principal activity.

Moreover, all taxpayers liable to PIT can make advance payments to pay off in advance taxes which are not covered by withholding tax. Inasmuch as these payments cover the positive difference between the tax put on the tax roll and the amounts of the withholding taxes, they are awarded a bonus for advance payments made (189).

---

188 These dates are valid for natural persons and for companies whose financial year coincides with the calendar year. For other companies, the dates for advance payments are calculated from the 1st day of the financial year. Where the date falls on a Saturday, Sunday or public holiday, the payment must be made on the first following working day.

189 See page 87 and following.
Part I: Direct taxation

Withholding tax on earned income and advance payments

For the income of the year 2018, the reference rate is 1% (190).

The taxation rates which apply in respect of tax increases and bonuses are thus the following:

Table 7.11
Increases and bonuses in respect of advance payments of the year 2018

<table>
<thead>
<tr>
<th>Increase</th>
<th>Bonus</th>
</tr>
</thead>
<tbody>
<tr>
<td>AP1 3%</td>
<td>AP1 1.50%</td>
</tr>
<tr>
<td>AP2 2.50%</td>
<td>AP2 1.25%</td>
</tr>
<tr>
<td>AP3 2%</td>
<td>AP3 1%</td>
</tr>
<tr>
<td>AP4 1.50%</td>
<td>AP4 0.75%</td>
</tr>
</tbody>
</table>

190 A minimum basic interest rate of 1% has been introduced by law, as from tax year 2018.
PART II
INDIRECT TAXATION
The Tax Survey should not be considered as an administrative circular, no rights can be founded on it.

January 2018 issue.
### Value added tax (VAT)

<table>
<thead>
<tr>
<th>Legal base</th>
<th>The Code of Value Added Tax (VAT Code) and the decrees issued for its implementation.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who sets</td>
<td>the tax rate</td>
</tr>
<tr>
<td></td>
<td>Federal authority</td>
</tr>
<tr>
<td>Beneficiary</td>
<td>European Union</td>
</tr>
<tr>
<td></td>
<td>Social security</td>
</tr>
<tr>
<td></td>
<td>(*) Since 2005: part of the revenue to the “Commission pour la régulation de l’électricité et du gaz / Commissie voor de Regulering van de Elektriciteit en het Gas”. Since 2009: part of the revenue to the “APETRA” (“Agence de Pétrole – Petroleumagentschap”)</td>
</tr>
<tr>
<td>Tax collector</td>
<td>Federal Public Service Finance</td>
</tr>
<tr>
<td>Tax revenue</td>
<td>2016 tax revenue in millions of euro</td>
</tr>
<tr>
<td></td>
<td>28,698.5</td>
</tr>
<tr>
<td>(*)</td>
<td>Total tax revenue (according to ESA2010 concept) paid to Belgian authorities.</td>
</tr>
<tr>
<td>Source (also for tables below): calculations based on data from the National Accounts Institute, National Bank of Belgium.</td>
<td></td>
</tr>
</tbody>
</table>
The Tax Survey should not be considered as an administrative circular, no rights can be founded on it.

### Registration duties, mortgage duties, court fees and registration tax

<table>
<thead>
<tr>
<th>Legal base</th>
<th>Code of Registration Duties, Mortgage Duties and Court Fees and the decrees issued for its implementation. For the Flemish Region: “Vlaamse Codex Fiscaliteit” (Flemish Tax Code) and the decrees issued for its implementation.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who sets</td>
<td>the tax rate</td>
</tr>
<tr>
<td>Federal authority</td>
<td>Federal authority</td>
</tr>
<tr>
<td>Regional authority</td>
<td>Regional authority</td>
</tr>
<tr>
<td>Beneficiary</td>
<td>Federal and regional authorities. Since 2004: part of the “other revenues” (see below &quot;tax revenue&quot;) to the police zones. Regional authorities set the tax rate, tax base and reliefs for and benefit from the revenue from most of registration duties.</td>
</tr>
<tr>
<td>Tax collector</td>
<td>Usually professional intermediaries (notaries, …) collect the duties and transfer the revenues to the federal tax administration. As far as the Flemish Region is concerned, as from 2015, those intermediaries have been transferring the revenue of the registration tax to the Flemish tax administration.</td>
</tr>
<tr>
<td>Tax revenue</td>
<td>2016 tax revenue in millions of euro</td>
</tr>
<tr>
<td>Registration duties</td>
<td>4,632.2</td>
</tr>
<tr>
<td>Mortgage duties</td>
<td>89.1</td>
</tr>
<tr>
<td>Court fees</td>
<td>46.5</td>
</tr>
<tr>
<td>TOTAL</td>
<td>4,767.8</td>
</tr>
</tbody>
</table>
### Estate duties and inheritance tax

<table>
<thead>
<tr>
<th>Legal base</th>
<th>The Estate Duty Code and the decrees issued for its implementation. For the Flemish Region: “Vlaamse Codex Fiscaliteit” and the decrees issued for its implementation.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who sets</td>
<td>the tax rate</td>
</tr>
<tr>
<td></td>
<td>Regional authority</td>
</tr>
</tbody>
</table>
| Beneficiary| Estate duties (including transfer duty upon death) and inheritance tax: regional authority  
Estate duties compensating tax, tax on undertakings for collective investment, credit institutions and insurance companies: central authority |
| Tax collector | Federal Public Service Finance. As from 2015, the Flemish inheritance tax has been collected by the Flemish tax administration. |
| Tax revenue | 2016 tax revenue in millions of euro | Tax revenue as % of GDP | Tax revenue as % of total tax revenue |
|            | 2,995.1 | 0.7% | 2.3% |
Part II: Indirect taxation

The Tax Survey should not be considered as an administrative circular, no rights can be founded on it. January 2018 issue.

Miscellaneous duties and taxes

<table>
<thead>
<tr>
<th>Legal base</th>
<th>These duties and taxes are regulated by the Code of miscellaneous duties and taxes (CMDT) and by the decrees issued for its implementation.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who sets</td>
<td>the tax rate, the tax base, reliefs</td>
</tr>
<tr>
<td></td>
<td>Federal authority, Federal authority, Federal authority</td>
</tr>
<tr>
<td>Beneficiary</td>
<td>Federal authority, Social security (<em>), Others (</em>)</td>
</tr>
<tr>
<td></td>
<td>(*): The federal authority is the beneficiary of most of the revenue. Since 2006 however, part of the insurance taxes is transferred to the social security institutions and the National Disaster Relief Fund (&quot;Caisse nationale des Calamités / Nationale Kas voor Rampenschade&quot;).</td>
</tr>
<tr>
<td>Tax collector</td>
<td>Federal Public Service Finance</td>
</tr>
<tr>
<td>Tax revenue</td>
<td>2016 tax revenue in millions of euro, Tax revenue as % of GDP, Tax revenue as % of total tax revenue</td>
</tr>
<tr>
<td></td>
<td>2,346.2, 0.6%, 1.8%</td>
</tr>
</tbody>
</table>
The Tax Survey should not be considered as an administrative circular, no rights can be founded on it.

Customs procedures upon importation, exportation and transit

<table>
<thead>
<tr>
<th>Legal base</th>
<th>These procedures are mainly based on the Union Customs Code and on the delegated and implementing regulations thereof.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who sets</td>
<td>the tax rate</td>
</tr>
<tr>
<td></td>
<td>the tax base</td>
</tr>
<tr>
<td></td>
<td>reliefs</td>
</tr>
<tr>
<td></td>
<td>European Union</td>
</tr>
<tr>
<td></td>
<td>European Union</td>
</tr>
<tr>
<td></td>
<td>European Union</td>
</tr>
<tr>
<td>Beneficiary</td>
<td>European Union</td>
</tr>
<tr>
<td>Tax collector</td>
<td>Federal Public Service Finance</td>
</tr>
<tr>
<td>Tax revenue</td>
<td>2016 tax revenue in millions of euro</td>
</tr>
<tr>
<td></td>
<td>Tax revenue as % of GDP</td>
</tr>
<tr>
<td></td>
<td>Tax revenue as % of total tax revenue</td>
</tr>
<tr>
<td></td>
<td>1,567.2</td>
</tr>
<tr>
<td></td>
<td>0.4%</td>
</tr>
<tr>
<td></td>
<td>1.2%</td>
</tr>
</tbody>
</table>
## Excise duties

<table>
<thead>
<tr>
<th>Legal base</th>
<th>These taxes are laid down and regulated by various EU directives and national legislation. A number of important provisions are included i.a. in:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- the Law of 22 December 2009, relating to the general arrangements for excise duty (BOJ of 31 December 2009);</td>
</tr>
<tr>
<td></td>
<td>- the Law of 21 December 2009, relating to the excise duty arrangements for non-alcoholic beverages and coffee (BOJ of 15 January 2010);</td>
</tr>
<tr>
<td></td>
<td>- the Programme law of 27 December 2004 (BOJ of 31 December 2004);</td>
</tr>
<tr>
<td></td>
<td>- the Law of 7 January 1998, relating to the structure and excise tariffs on alcohol and alcoholic beverages (BOJ of 4 February 1998);</td>
</tr>
<tr>
<td></td>
<td>- the Law of 3 April 1997, relating to the tax system for manufactured tobacco (BOJ of 16 May 1997);</td>
</tr>
<tr>
<td></td>
<td>their modifications and the decrees issued for the implementation of these laws.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Who sets</th>
<th>the tax rate</th>
<th>the tax base</th>
<th>reliefs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal authority</td>
<td>Federal authority</td>
<td>Federal authority</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Beneficiary</th>
<th>Federal authority, but</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- part of excise duties on tobacco to Social Security since 2003.</td>
</tr>
<tr>
<td></td>
<td>- part of excise duties on energy products to the “CREG” (Electricity and Gas Regulatory Commission) since 2006.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tax collector</th>
<th>Federal Public Service Finance</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Tax revenue</th>
<th>2016 tax revenue in millions of euro</th>
<th>Tax revenue as % of GDP</th>
<th>Tax revenue as % of total tax revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8,467.9</td>
<td>2.0%</td>
<td>6.6%</td>
</tr>
</tbody>
</table>
## The packaging charge

| Legal base | The packaging charge is the object of art. 91-93 and 95, §4 of the special law of 16 July 1993 finalising the federal structure of the State (BOJ of 20 July 1993) and of Book III (articles 369-401bis) of the ordinary law of 16 July 1993 aimed at finalising the federal structures of the State (BOJ of 20 July 1993), the amendments thereof and the decrees issued for the implementations of the laws. |
| Who sets | Federal authority | Federal authority | Federal authority |
| Who sets | the tax rate | the tax base | reliefs |
| Beneficiary | Federal authority, but part of the packaging charge to Social Security since 2005. |
| Tax collector | Federal Public Service Finance |
| Tax revenue | 2016 tax revenue in millions of euro | Tax revenue as % of GDP | Tax revenue as % of total tax revenue |
| | 337.8 | 0.1% | 0.3% |
The Tax Survey should not be considered as an administrative circular, no rights can be founded on it.

### Taxes assimilated to income taxes

<table>
<thead>
<tr>
<th>Legal base</th>
<th>These taxes are laid down and regulated by the Code of taxes assimilated to income taxes and by the decrees issued for its implementation. As far as the Flemish Region is concerned, the circulation tax, the tax on the entry into service and the Eurovignette are laid down and regulated by the “Vlaamse Codex Fiscaliteit” (Flemish Tax Code) and by the decrees issued for its implementation. The kilometre tax is laid down by a series of European directives and decisions, by the federal law, by cooperation agreements between the three Regions and by regional decrees, ordinances and implementing measures. In particular, as far as the Flemish Region is concerned, the kilometre tax is ruled by the decree of 3 July 2015 introducing the kilometre tax, abolishing the Eurovignette and modifying the Flemish Tax Code of 13 December 2013 on this matter. As far as the Walloon Region is concerned, the tax is ruled by the decree of 16 July 2015 introducing a kilometre tax to be borne by heavy goods vehicles for the use of roads. As far as the Brussels-Capital Region is concerned, the tax is ruled by the ordinance of 29 July 2015 introducing a kilometre tax in the Brussels-Capital Region on heavy goods vehicles intended to or used for the carriage by road of goods, to replace the Eurovignette.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who sets</td>
<td>the tax rate</td>
</tr>
<tr>
<td>1. Circulation tax</td>
<td>Regional authority</td>
</tr>
<tr>
<td>2. Tax on the entry into service</td>
<td>Regional authority</td>
</tr>
<tr>
<td>3. Eurovignette/ kilometre tax</td>
<td>Regional authority</td>
</tr>
<tr>
<td>4. Betting and gambling tax</td>
<td>Federal authority</td>
</tr>
<tr>
<td>5. Gaming machine licence duty</td>
<td>Federal authority</td>
</tr>
<tr>
<td>6. Tax on the participation of employees in the benefit or the capital of the company</td>
<td>Regional authority</td>
</tr>
</tbody>
</table>

### Beneficiary

| 1. Circulation tax | Regional and local authorities |

Comment: Taxes on traffic are regional taxes whose administration was assumed by the central authority until 2010 for all regions (see ‘tax collector’). Since 2002 however, regional authorities benefit from all tax revenue except for the local surcharge.

Surcharge in favour of the municipalities:
This surcharge applies to all vehicles liable to the circulation tax, except:
- unscheduled coaches (vehicles which exclusively transport people for a consideration by virtue of a license to supply unscheduled transportation);
- vehicles for which an abatement of the circulation tax was granted for exclusive use within the confines of a port;
- vehicles liable to the daily tax (vehicles used in Belgium with a foreign number plate).

Where applicable, the additional circulation tax (ACT) must be added.

| 2. Tax on the entry into service | Regional authority
Until 2010, the central authority assumed the administration of the tax on the entry into service for all regions (see ‘tax collector’). Since 2002 however, regional authorities benefit from all tax revenue. No surtaxes can be levied by local authorities.

| 3. Eurovignette/ kilometre tax | Since 2002, regional authorities benefit from all tax revenue from the Eurovignette. Regional authorities benefit from the tax revenue from the kilometre tax.

| 4. Betting and gambling tax | Regional authorities benefit from all tax revenue.

| 5. Gaming machine licence duty | Regional authorities benefit from all tax revenue.

| 6. Tax on the participation of employees in the benefit or the capital of the company | Federal authority and social security
Since 2004, about half of the revenue collected is transferred to the National Office of Social Security. |
### Tax collector

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>As from 2011: Federal Public Service Finance (for the Walloon Region and the Brussels-Capital Region) and the Flemish Region. As from 2014: Federal Public Service Finance (for the Brussels-Capital Region), the Walloon Region and the Flemish Region. The kilometre tax has been subcontracted to private service providers on behalf of the Regions.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. Betting and gambling tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5. Gaming machine licence duty</td>
<td>Since 2010: Federal Public Service Finance (for the Flemish Region and the Brussels-Capital Region) and the Walloon Region</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6. Tax on the participation of employees in the benefit or the capital of the company</td>
<td>Federal Public Service Finance</td>
<td></td>
</tr>
</tbody>
</table>

### Tax revenue

<table>
<thead>
<tr>
<th>Tax revenue</th>
<th>2016 tax revenue in millions of euro</th>
<th>Tax revenue as % of GDP</th>
<th>Tax revenue as % of total tax revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,314.2</td>
<td>0.5%</td>
<td>1.8%</td>
</tr>
</tbody>
</table>
CHAPTER ONE
VALUE ADDED TAX (VAT)

What is new?

- As from 1 April 2017: abolishment of the obligation to pay monthly instalments applicable to taxable persons submitting quarterly returns.
- As from 1 January 2018: VAT rate of 6% on sanitary towels, tampons and similar products and on external defibrillators.

This tax is governed by the Code of Value Added Tax (VAT Code) and the decrees taken for its implementation. Owing to the complexity of certain arrangements (for example, listing of taxable and exempted transactions, place of supply, intra-Community acquisition of goods, VAT rates, etc.), only the most frequently occurring cases are dealt with hereafter. The descriptions of the arrangements do not claim to be exhaustive.

1.1. Definition

VAT is a tax on goods and services which is borne 'eventually' by the final consumer and which is levied by the Treasury in stages, namely at each transaction in the process of production and distribution. At each stage of this process, the tax paid on the inputs can indeed be deducted by the taxable person; as a result the latter must only pay to the Treasury the difference between the VAT received and the VAT deducted. VAT is therefore a single tax on consumption paid by the final consumer and paid off in instalments.

VAT is a proportional tax on the sales price excluding VAT. The rates applied may, however, vary according to the nature of the goods or services to be taxed.

The three main categories of taxable transactions are the following:

- the supply of goods and the supply of services carried out for a consideration by a person liable to VAT, when they occur within the country (Art. 2 VAT Code);
- the importation of goods into Belgium by any person whatsoever. Importation shall only refer to goods coming from a country which is not a EU Member State (Art. 3);
- the intra-Community acquisition of goods, where it occurs in Belgium and is made for a consideration. These are goods coming from any of the other EU Member States (Art. 3bis).
1.2. Persons liable to VAT

The persons liable to VAT - or taxable persons - are of crucial importance in the process of levying the VAT. They have to charge VAT on the sales to their customers and can, on the other hand, deduct from the VAT levied on their sales the VAT that is levied on their own purchases, including investments. They therefore only pay to the Treasury the difference (= the tax on the value which they have added themselves).

The concept of VAT liability is dealt with by the Articles 4 to 8bis of the VAT Code.

A taxable person is anyone who, in the performance of an economic activity, carries out, in a regular and independent manner, whether on a principal or accessory basis, with or without profit motive, the supply of goods or services referred to in the VAT Code (see point 1.3), irrespective of the place where that activity is carried out (Art. 4).

Public authorities and public bodies are not considered as taxable persons for the activities or transactions in respect of which they engage as public authorities (to this effect they are considered as non-taxable legal persons). They are, however, liable to tax for these activities or transactions where treatment as non-taxable persons would lead to distortions of competition of a certain magnitude (Art. 6).

Furthermore, as far as some activities or transactions are concerned, and inasmuch as they are considerable, public authorities and public bodies are considered as taxable persons in any case. Those activities are for instance telecommunications services, water, gas and electricity supply, transport of goods and individuals, ports, waterways and airports exploitation, and some other activities.

The following persons shall also be liable to tax:

a. those who, without performing an economic activity, carry on, within a given period and under certain conditions, certain transactions in respect of buildings (for example, the construction or acquisition of buildings and the land on which they stand, the establishment or transfer of rights in rem - Article 8);

b. those who occasionally supply a new means of transport, for a consideration and under certain conditions (Art. 8bis).

"Means of transport" shall be taken to include: certain ships and aircraft, as well as motorised land vehicles with an engine of more than 48 cm³ cylinder capacity or of a power of more than 7.2 kW. Those means of transport are considered to be "new":

- in the case of land vehicles: if their supply occurs within six months after the date of their first entry into service or if their mileage does not exceed 6,000 km;

- for ships: if their delivery occurs within three months after the date of their first entry into service or if they have not sailed for more than 100 hours;

- for aircraft: if their delivery occurs within three months after the date of their first entry into service or if they have not flown for more than 40 hours.
1.3. Taxable transactions

Taxable activities include the following four major categories:

- supplies of goods (Art. 9 to 17);
- supplies of services (Art. 18 to 22bis);
- importations (Art. 23 to 25);
- intra-Community acquisitions of goods (Art. 25bis to 25sexies).

1.3.1. Supply of goods

Goods and transactions concerned

The term goods (Art. 9) shall be understood to mean any tangible good including gas, electric current, heat, refrigeration and any rights in rem (other than the right of ownership) giving the holder thereof a right of user over immovable property, with the exception of certain long lease rights.

A supply of goods (Art. 10) is the transfer or assignment of the power to dispose of tangible goods as the owner thereof. Certain other transactions are also considered as supplies.

Place of supply of goods

Where the goods are not dispatched or transported, the place of supply shall be deemed to be the place where the goods are when the supply takes place (Art. 14, §1).

Where the goods are dispatched or transported by the supplier, the purchaser or a third party, the place of supply shall be deemed to be the place where the goods are at the time when dispatch or transport to the person to whom they are supplied begins. Where the place of departure of the consignment or transport of goods is in a third territory or in a third country, the place of supply shall be deemed to be, as a rule, in the Member State into which the goods were imported in the European Union (Art. 14, §2).

Where the goods are installed or assembled by or on behalf of the supplier, the place of supply shall be deemed to be the place of such an installation or assembly (Art. 14, §3).

Where the supply is made on board ships, aircraft or trains in the course of the part of the transport of passengers effected in the Community, the place of supply shall be deemed to be the point of departure of the transport of passengers (Art. 14, §4).

In the case of the supply of gas through a natural gas system, electricity or heat or refrigeration, the place of supply shall be deemed to be the place where the customer has effective use and consumption of the goods (with exceptions, such as taxpayers whose principal activity is reselling these goods; in this case, the place of supply shall be deemed to be, as a rule, the place where the purchaser has established his business or has a fixed establishment) (Art. 14bis);

The place of supply (Art. 15), however, shall always be in Belgium where the goods, which are not new means of transport or are not assembled or installed by or on behalf of the supplier, are dispatched or transported by the latter from another EU Member State to Belgium (system of remote sales - Art. 15, § 1) and if the supply of the goods is carried out for:
Part II: Indirect taxation

Value added tax

- a taxable person benefiting the exemption system (see point 1.9.1) or the flat-rate system for farmers (see point 1.9.2), a taxable person effecting exclusively supplies of goods or services non-eligible for the deduction (see point 1.4.2) or a non-taxable legal person, who are exempted for the intra-Community acquisition in Belgium of these goods (up to the exempted amount of 11,200 euro, excluding VAT, see below);
- any other non-taxable person.

For the supply of goods other than excise goods (viz. energy products (except for gas supplied by a natural gas system), alcohol and alcoholic beverages, as well as manufactured tobacco) for a total amount per calendar year not exceeding 35,000 euro (excluding VAT), the place of supply shall be in this case Belgium only if the supplier (for example, a mail-order selling firm established in another EU Member State) chooses to be taxed in Belgium.

**Taxable event and chargeability of VAT**

As a rule, the tax becomes chargeable ("taxable event") (Art. 16) at the time of delivery of the goods.

However, when an invoice must be issued, the tax becomes chargeable at the time the invoice is issued, provided that this invoice is issued before the 15th day of the month following the taxable event. This system also applies to intra-Community transactions, but only for invoices issued after the taxable event. In certain cases, however, another arrangement may apply (e.g. chargeability arising upon cashing of all or part of, the price relating to the supply of movable property for which an invoice is not required or for certain supplies to entities governed by public law or upon expiry of each period to which an account statement or a payment relates, e.g. for continuing supplies) (Art. 16 and 17).

**1.3.2. Supply of services**

**Services concerned**

A service is defined as any operation other than the supply of goods within the meaning of the VAT Code (Art. 18).

Some examples of the services mentioned explicitly are notably:
- any physical or intellectual work, among which supplies under a contract to make up work from customer's materials, (that is to say delivery by a contractor to his customer of movable property made or assembled by the contractor from materials and objects entrusted to him by the customer for his purpose, whether or not the contractor has provided any part of the materials used);
- the supply of staff;
- the granting of the right to enjoy the possession of goods (except some tangible property mentioned in Art. 9);
- the supply of parking space for vehicles or of storage room;
- the supply of furnished rooms or a campground;
- the supply of food and beverages;
- the granting of a right of access to cultural, sporting or entertainment activities;
radio and television broadcasting services and telecommunications services;
the granting of the right of access to traffic routes and to the corresponding civil engineering works;
electronically supplied services.

A service for a consideration shall be deemed to also include notably the performance by a taxable person of work on real property for the purpose of his economic activity where the performance of such a work by another taxable person does not entitle him to a total deduction of the tax, as also, for free, for his private needs or those of his personnel, or, more generally, for purposes unrelated to his economic activity (Art. 19).

**Place of supply of services**

As far as the place where a service is supplied (Art. 21 to 21ter) is concerned, a distinction must be made according to the customer’s status.

a) Where the customer is a taxable person, a hybrid taxable person or a non-taxable legal person identified for VAT purposes, the place of supply of the service is the place where the customer has established his business or the place where he has a fixed establishment to which the service is supplied.

There are some exceptions to that rule (Art. 21), for example:

- the place where the immovable property is located for services relating to immovable property by nature;
- for passengers transport: the place where the transport takes place, proportionate to the distances covered;
- the place where the event or activity actually takes place (granting access to some events, activities and services linked to these events or activities);
- the place where the service is physically supplied (restaurant and catering services, with some exceptions);
- the place where the means of transport is actually put at the customer’s disposal (short-term hiring);
- the place of departure of the passengers transport (restaurant and catering services on board ships, aircraft or trains during the section of the transport within the European Union).

b) Where the customer is another non-taxable person than those above-mentioned sub. a), the place of supply of the service is the place where the supplier has established his business or the place where he has a fixed establishment from which the service is supplied.

There are also a lot of exceptions to that rule (Art. 21bis), for example:

- the place where the immovable property is located for services relating to immovable property by nature;
- for passengers transport: the place where the transport takes place, proportionate to the distances covered;
- for transport of goods with the exception of intra-Community transport: the place where the transport takes place, proportionate to the distances covered (for intra-Community transport: the place of departure is taken into consideration);
the place where the event or activity actually takes place (granting access to some events, activities and services linked to these events or activities);

- the place where the service is physically supplied (restaurant and catering services, with some exceptions; ancillary transport services; valuations of and work on movable property);

- the place where the means of transport is actually put at the customer's disposal (short-term hiring);

- the place where the customer is established (hiring of means of transport other than short-term hiring; however, as far as pleasure sea-crafts are concerned, the place of supply of the service shall be deemed to be, under certain conditions, the place where the sea-craft is actually put at disposal);

- the place of departure of the passengers transport (restaurant and catering services on board ships, aircraft or trains during the section of the transport within the European Union);

- the place where the customer is established, e.g.:
  - for telecommunications services, radio and television broadcasting services and electronically supplied services;
  - for services supplied to a customer established outside the European Union and relating to:
    - advertising;
    - the services of consultants, lawyers, accountants, etc.;
    - banking, financial and insurance transactions;
    - the supply of staff;
    - the hiring out of movable property (with the exception of the means of transport);
    - the provision of access to natural gas systems located on the territory of the European Union or to networks connected thereto, to electricity systems, or to heating or cooling networks, or to transport or distribution by means of those systems or networks, and the supply of other services directly linked thereto, etc.;

**Taxable event and chargeability of VAT**

The **taxable event** (Art. 22) occurs, as a rule, at the time the service is supplied. The tax becomes then chargeable.

However, when an invoice must be issued, the tax becomes chargeable at the time the invoice is issued, provided that this invoice is issued before the 15th day of the month following the taxable event. In certain cases (e.g. cashing of all or part of the price, continuing supplies of services or supplies of services to entities governed by public law), another arrangement may apply (Art. 22 and 22bis).

**1.3.3. Importation**

The term **importation** is used for goods that are introduced into a Member State of the EU from outside the EU. The importation **takes place** (Art. 23) in the Member State of the EU within the territory of which the goods are located at the time of entry into the Community. There are a number of exceptions to this rule, especially in relation with special customs procedures pursuant to Customs legislation.
Part II: Indirect taxation

The taxable event takes place, as a rule, in Belgium and the tax is due in this country upon importation of the goods into Belgium (Art. 24).

1.3.4. Intra-Community acquisition of goods

An intra-Community acquisition of goods is the acquisition of the right to enjoy the power of ownership with respect to tangible movable property which is dispatched or transported, by or on account of the seller or the purchaser, to the purchaser in a Member State of the EU other than the one from which the goods are dispatched or transported (Art. 25bis).

The tax shall be levied on intra-Community acquisitions of goods in Belgium for a consideration, which are made by:

- a taxable person acting in that capacity;
- a non-taxable person who is not entitled to exemption (see below), where the seller is a taxable person acting in that capacity (Art. 25ter, §1, paragraph 1).

Intra-Community acquisitions of goods are not, however, subject to the VAT in the following cases:

1° where their delivery of these goods in Belgium would be anyway exempted (e.g. acquisitions of sea-going vessels, acquisitions of aircraft mainly for the purpose of international transport, acquisitions of goods for diplomatic of consular establishments, etc.) (Art. 25ter, §1, paragraph 2, 1°);

2° if the acquisition is made:

- by a taxable person to whom the exemption arrangements are applicable (certain small enterprises, see point 1.9.1.);
- by certain farms which are subject to a flat-rate system (see point 1.9.2.);
- by a taxable person who effects exclusively the delivery of goods and the provision of services for which he is not entitled to deduction of the VAT (i.e. the taxable persons exempted, for example physicians, schools, hospitals, etc., see point 1.2 above);
- by a non-taxable legal person;

and this within the limits of a total amount per calendar year of 11,200 euro (excluding VAT). This arrangement is not applicable to new means of transport, nor to excise goods (which are anyway, under these circumstances, subject to VAT in Belgium, see below). The above-mentioned taxable and non-taxable legal persons can choose, however, to have all their intra-Community acquisitions of goods subjected to the tax in Belgium; this choice applies for a period of two calendar years at least (Art. 25ter, §1, paragraph 2, 2°);

3° if the acquisition is made by a taxable person not established in Belgium, but identified in another Member State of the EU for VAT purposes, with a view to subsequent delivery in Belgium by the latter taxable person to a taxable or non-taxable legal person identified in this country for VAT purposes and if, in addition, these goods, coming from another Member State of the EU than the one in which the purchaser is identified for VAT purposes, are dispatched or transported directly to the customer identified in Belgium for VAT purposes and if, in addition the latter is designated as the one who has to pay the VAT of the delivery made in Belgium (the so-called simplified system for triangular transactions) (Art. 25ter, §1, paragraph 2, 3°);

4° if we are concerned with used goods, works of art, collectors' pieces, antiques and used means of transport, which are sold by a taxable person who resells and is acting as such, and if, in addition, the goods have been subjected, in the EU Member State of departure, to the special system of taxation on the profit margin (see Art. 58, §4), as well as in a number of other cases (Art. 25ter, §1, paragraph 2, 4°).
Part II: Indirect taxation

Intra-Community acquisitions, made in Belgium, of new means of transport are always subject to tax, irrespective of the person who makes them (a taxable person acting in that capacity, for example a car trader, a taxable person exempted, a non-taxable legal person and all private individuals).

The location of an intra-Community acquisition of goods is, as a rule, the place where the goods were located at the time of arrival of the consignment or transport to the purchaser. However, if the purchaser is unable to prove that the tax was levied in that manner, the location of intra-Community delivery shall be deemed to be within the Member State of the EU which has granted the VAT identification number under which the purchaser made that acquisition. Unless there is proof to the contrary, the intra-Community acquisition shall be deemed to have taken place in Belgium if the purchaser has a Belgian VAT identification number (Art. 25quinquies).

The taxable event takes place at the time the intra-Community acquisition of goods occurs. This time is determined according to the same rules as those applied to the delivery of goods in the country (Art. 25sexies, §1 and Art. 16). The tax shall become chargeable on the 15th day of the month following that in which the taxable event occurred, unless the invoice for the delivery/acquisition was issued to the purchaser before that date. In this case, the tax shall become chargeable on issue of the invoice (Art. 25sexies, §2).

1.4. Exemptions

These exemptions can be divided into two groups. On the one hand, there are the activities which are exempted from VAT, but which do not take away from those who carry on these activities the right to deduct the VAT levied on the goods and services supplied to them (see point 1.4.1).

On the other hand, there are exempted activities for which the exemption is based mainly on cultural and social considerations and which do take away from those who carry on these activities the right to deduct VAT levied on the goods and services supplied to them (see point 1.4.2).

1.4.1. Exportation, importation, intra-Community deliveries and acquisitions and international transport

Exemptions that fall within this section are listed in Art. 39 to 42.

These are i.a. the following:

- exportation (i.e. to a place outside the EU);
- deliveries and intra-Community acquisitions of goods bound to be placed in Belgium under certain procedures pursuant to customs legislation;
- deliveries of goods to a taxable person or to a non-taxable legal person in another Member State of the EU, who are required to subject their intra-Community acquisitions of goods to VAT (this does not apply to goods which are subject to the special system of taxation on the margin, see Art 58, § 4);
- intra-Community supplies of new means of transport;
- importations, intra-Community acquisitions and supplies of goods placed in Belgium under a warehousing system other than customs warehousing and a certain number of related activities.
- certain importations, intra-Community acquisitions, reimportations and temporary importations and related services (for example, goods placed under certain customs procedures pursuant to Customs regulations);
- supplies of goods and services which take place in another Member State and are exempted in this Member State as a result of national provisions transposing the VAT Directive;
Part II: Indirect taxation

Value added tax

- international transportation of passengers by sea or air;
- services of travel agents with respect to extra-Community travels;
- international transportation of goods originating from non-EU countries and certain related activities (for example loading and unloading);
- certain deliveries of vessels used for navigation on the high seas, commercial inland waterway vessels, aircraft, seaplanes, helicopters and similar craft, as well as certain related activities;
- certain deliveries, intra-Community acquisitions and importations of goods and services for diplomatic and consular missions and for specified international organisations;
- the deliveries, intra-Community acquisitions and importations of gold to central banks.

1.4.2. Other exemptions

The description of these exempted services is given in Art. 44 and 44bis.

These are notably:

- services provided by the medical and certain paramedical professions, with the exclusion of cosmetic interventions and treatments not listed in the nomenclature of health services covered by compulsory sickness and invalidity insurance or listed in the nomenclature but not entitling to a reimbursement by the compulsory sickness and invalidity insurance;
- services provided by hospitals and similar establishments;
- services related to social work, social security or protection of children and young people, where provided by public bodies or other registered social establishments (e.g. care of the elderly, childcare, care of the disabled, home help, health insurance funds, etc.);
- services provided by certain sports establishments;
- school or university education, vocational training or retraining by public bodies or assimilated bodies which do not systematically aim at making profits, and lessons given, on a personal basis, by teachers and relating to school or university education;
- services provided by certain other social and cultural institutions, such as libraries, theatres, cinemas (under certain conditions);
- services provided by authors, artists and interpreters of works of art;
- services provided by independent groups of persons to their members, under certain conditions (the so-called “cost-sharing associations”);
- a supply of real property which is immovable by nature, except the supply of buildings and the land on which they stand by certain taxable persons and occurring not later than December 31st of the second year following the one in which the building was first placed into service or entered into first possession. Similar rules apply to the establishment and transfer of rights in rem;
- lease-farming and renting of real property (except the provision of parking space and space for storing goods, hotels and camp sites, the supply of immovable property by nature made available for operating ports, waterways and airports, the supply of permanently fixed equipment and machines, and the leasing, under certain conditions, with VAT by real estate leasing companies of buildings for the performance of economic activities);
- insurance operations, except for services rendered by damage experts;
- most deposit and credit transactions, payment and collection transactions, and transactions relating to securities;
Part II: Indirect taxation  

Value added tax  

- a supply of post-stamps for the payment of postage, of revenue stamps and the like;  
- lotteries and other chance and money games (under certain conditions). As regards other chance and money games than lotteries, there is no exemption if those games are electronically provided;  
- services provided by the universal postal services and supplies of goods incidental thereto;  
- the supply, intra-Community acquisition and importation of investment gold, under the conditions of Art. 44bis.

1.5. The tax base

The tax base of the VAT is defined in Art. 26 to 36.

As a rule, the tax base of the VAT is the amount which the contracting partner of the supplier of goods or of the provider of services must pay to his supplier or provider. This amount also includes the commission, insurance and transportation costs as well as the taxes (except the VAT itself), duties and levies (Art. 26).

The tax base does not include, however, the discount, price reductions, interest due in case of late payment, deposits on packaging, the VAT itself, etc. (Art. 28).

Special arrangements apply notably to imports (where the basis is, as a rule, the customs value - Art. 34), to transactions for which the price is not expressed in cash only (where the basis is, in principle, the normal value - Art. 32) and to the services of travel agencies (Art. 29, §2), etc.

There is a minimum tax base for certain goods and services, such as for new buildings (Art. 36).
Part II: Indirect taxation

1.6. The VAT rates

1.6.1. General points

The VAT is calculated on the tax base at rates which depend on the nature of the transaction. Normally the rate to be applied is that which is applicable at the time at which the taxable event takes place. In many cases, however, the rate to be applied is that which is applicable at the time at which the tax is payable (cashing) (Art. 38).

The standard VAT rate amounts to 21% and applies to goods and services which are not explicitly mentioned in one of the tables A or B of the Annex to Royal Decree No 20 of 20 July 1970, establishing VAT rates and the classification of goods and services under these rates.

In addition to the standard VAT rate, there are two reduced rates amounting to 6% and 12% and applying to a certain number of goods and services which are respectively mentioned in the above-mentioned Table A or B.

1.6.2. The reduced rate of 6%

Table A of the above-mentioned Annex to Royal Decree No 20 lists the various categories of goods and services to which the reduced rate of 6% applies. However, this reduced rate does not apply where the services listed in table A are incidentally part of a complex agreement which relates essentially to other services.

It concerns notably:

a) the following goods:

- live animals (for instance: bovine, swine, sheep, goats, some horses, poultry, etc.) (Section I)
- meat and meat offal (Section II)
- fish, crustaceans, shellfish and molluscs, with the exception of caviar and caviar substitutes, spiny lobsters, lobsters, crabs, crayfish and oysters, and preparations and ready-made meals containing spiny lobsters, lobsters, crabs, crayfish and oysters (Section III)
- milk and dairy products; eggs; honey (Section IV)
- edible vegetables, plants, roots and tubers (Section V)
- edible fruit; peel of citrus fruit or melons (Section VI)
- vegetable products (for instance: cereals, seeds, live trees, bulbs, corms, roots and other plants for ornamental horticulture, fresh cut flowers and fresh ornamental foliage, etc.), with the exception of goods offered for sale as dog, cat and some other animals food (Section VII)
- products of the milling industry; malt; starches, with the exception of goods offered for sale as dog, cat and some other animals food (Section VIII)
- fats and oils (animal or vegetable fats and oils, and prepared edible fats with the exception of margarine) (Section IX)
- other foodstuffs (for instance: coffee, tea, spices, sugars, chocolate, etc., with the exception of beer with an alcoholic strength by volume exceeding 0.5% or any other beverage with an alcoholic strength by volume exceeding 1.2% (Section X)
- animal fodder and waste; fertiliser; animal products with the exception of goods offered for sale as dog, cat and some other animals food (Section XII)
- water supply (Section XIII)
- medicines and medical appliances (Section XVII)
Value added tax

- newspapers, periodicals and books, with the exception of works published for advertising purposes or essentially focused on advertising (Section XIX)
- works of art, collectors' pieces and antiques (only for importation of certain works of art, collectors' pieces and antiques specified, as well as for certain supplies and intra-Community acquisitions of works of art specified, under certain conditions) (Section XXI)
- motor cars for invalids; spare parts, equipment and accessories for those cars, see also hereafter (Section XXII). Under certain conditions, the invoiced VAT on the acquisition or importation of motor cars for invalids, is refunded to those persons (Art. 77, § 2, VAT Code)
- miscellaneous goods (for instance: coffins, orthopaedic appliances, walking frames, wheel chairs and similar vehicles for invalids or sick people, assistance dogs, sanitary towels, tampons, pant-liners and similar products, external defibrillators, etc.) (Section XXIII)
- supplies of goods by institutions for social promotion (Section XXIIIbis)

b) the following services:

- agricultural services, with the exception of services relating to animals not mentioned in Section I, and of gardening companies (Section XXIV)
- transport of persons, and unchecked luggage and animals accompanying passengers (Section XXV)
- maintenance and repair of motor cars for invalids and most of goods mentioned in Section XXIII (Section XXVI)
- establishments for culture, sports and entertainment, with the exception of granting the right to make use of automated recreation devices and providing movable goods (Section XXVIII)
- copyrights; performing concerts and shows, with the exception of services relating to advertising (Section XXIX)
- hotels and camping sites (Section XXX)
- construction work relating to private dwellings which are at least 15 years old (Section XXXI)
- private dwellings for handicapped persons (Section XXXII)
- institutions for handicapped persons (Section XXXIII)
- miscellaneous services (hire of most of goods mentioned in Section XXIII, services performed by funeral directors, with some exceptions, assistance dog training, etc.) (Section XXXIV)
- services supplied by institutions for social promotion (Section XXXV)
- housing under social policy, by regional housing companies, social housing companies agreed by them and by the funds agreed by the regional Housing Codes (Section XXXVI)
- demolition and rebuilding of dwellings in urban territories (Section XXXVII)
- renovation and repair of private dwellings (aged at least 5 years – as from 12 February 2016: at least 10 years) (Section XXXVIII)
- small repair services (repair of bicycles, shoes and leather goods, repair and alteration of clothing and household linen) (Section XXXIX)
- construction work relating to school buildings and to buildings used as psycho-medical-social centres and pupil supervision centres, and the supply and finance leases of those buildings (Section XL)
1.6.3. The reduced rate of 12%

Table B of the above-mentioned Annex to Royal Decree no 20 lists the various categories of goods and services to which the reduced rate of 12% applies:

- restaurant and catering services, with the exception of the supply of drinks (Section I)
- phytopharmacology (Section III)
- margarine (Section VI)
- tyres and tubes for wheels of agricultural machines and tractors, with the exception of tyres and tubes for wheels of forestry tractors and pedestrian-controlled tractors (Section VII)
- certain solid fuels (i.e. notably coal, brown coal and coke, etc.) (Section VIII)
- housing in the framework of social policy, by notably provinces, municipalities, public social assistance centres and certain other persons governed by public or private law, such as housing supplied by public social assistance centres, managers of accommodation facilities for elderly, residential schools, youth protection centres, refuges for people with major difficulties, psychiatric nursing homes, “habitations protégées” (i.e. refuges for persons with psychiatric difficulties) (Section X)
- private initiatives relating to housing under social policy (Section XI)

1.6.4. Daily papers and some periodicals

Supplies, intra-Community acquisitions and importations of daily papers and periodicals containing general information and published at least 48 times a year, are exempted from VAT but keep the deduction right from their supply by the publisher until their arrival to the reader.

A concrete and more detailed description of all the above-mentioned categories is to be found in the above-mentioned Royal Decree No 20 and in the complementary legislation and circulars on the subject.

1.7. The deduction of VAT (or deduction of the input tax)

The deduction of VAT is governed by Art. 45 to 49.

The taxable person may deduct from the amount of the VAT he owes, the VAT which has been levied on the goods which were delivered to him or on the services which were provided to him, or on the goods imported by him or acquired within the Union, insofar as he uses these goods and services (a) in economic activities subject to VAT or (b) in economic activities which are exempted from VAT on account of exportation, intra-Community deliveries, international transportation (exemptions referred to under point 1.4.1. above) and (c) in some other cases (Art. 45, §1, 1ter and 1quater).

As regards immovable property by nature and other capital goods and services subject to revision, which are part of the taxable person’s business assets and are also used for other purposes than the economic activity carried out by the company, only the VAT relating to the economic activity can be deducted (Art. 45, §1quinquies).

For the acquisition of new means of transport, an arrangement has been developed to avoid that certain purchasers (for example, private individuals) should suffer a double taxation on these vehicles (Art. 45, §1bis and Art. 39bis). In all cases the VAT on these new means of transport must be paid at the rate applicable in Belgium.
Sometimes, however, the deduction of VAT is limited. For example, the deduction of VAT for the purchase of cars and car related supplies (for example fuel, oil,...) and services (for example maintenance, repairs,...) is limited to a maximum of 50%, in most cases. For the supply and intra-Community acquisition of manufactured tobaccos, spirits for end consumption and certain expenses relating to accommodation, food and drinks, among other things, no deduction of VAT is allowed (Art. 45, §2 to 4). There is, as a rule, no deduction of VAT either for goods acquired in connection with the special system of taxation on the profit margin (Art. 45, §5).

For "hybrid taxable persons", i.e. taxable persons who are liable to VAT and who are involved both in activities subject to VAT and activities not subject, the deduction of the VAT charged on inputs is also limited, namely to the ratio of the turnover of operations which give entitlement to the deduction and the total turnover (under certain conditions, on the basis of the actual use of the inputs) (Art. 46).

Periodical VAT returns must mention the VAT which is payable and the VAT which is deductible. Only the difference is paid to the Treasury. If the VAT to be deducted is greater than the VAT due, the difference is carried forward to the next return (Art. 47). On specific request and subject to certain conditions, the balance referred to above is effectively refunded (Art. 75 to 80).

In the case of a partial deduction, a provisional amount to be deducted is fixed. That amount is adjusted after the expiration of the year in which the right to deduction arose. For the tax on capital goods, the period for adjustment is spread over five years and, for certain immovable property, over fifteen years (Art. 48).

1.8. Submission of returns and payment of the tax

The correct operation of the VAT system requires that taxable persons fulfil a number of obligations. These concern keeping accounting records, issuing of invoices, filing of annual client lists, submitting of VAT returns and payment of VAT. For certain taxable persons, special (simplified) rules apply.

The basis for these obligations is laid down in Art. 50 to 55.

A VAT identification number, which includes the letters BE, is assigned by the VAT Administration to most taxable persons, except, for instance, to those taxable persons carrying out exclusively supplies in respect of which VAT is not deductible. Those taxable persons who are not assigned such a VAT identification number as well as non-taxable legal persons will also be assigned such a VAT identification number when their intra-Community acquisitions of goods exceed 11,200 euro (excl. VAT) or when they declare to submit to VAT all their intra-Community acquisitions (Art. 50).

In addition to the application for identification and the notifications of modification or cessation of an activity, taxable persons must, in principle, file a monthly VAT return (showing the VAT to be paid and deducted) and pay the amount due every month. The return must be submitted and the payment must be made by the 20th of the following month at the latest. On 24 December at the latest, a deposit must be paid in respect of the VAT which will be payable for that month (Art. 53).

However, taxable persons whose turnover does not exceed 2,500,000 euro (excl. VAT) a year may, if they comply with certain rules, submit quarterly VAT returns.
This provision does not apply to taxpayers whose overall annual turnover (less VAT) exceeds 250,000 euro in respect of their supplies of energy products, mobile telephone equipment, computers with their peripherals, accessories and components, and motorised land vehicles subject to registration.

Taxable persons submitting quarterly returns must also pay, on 24 December at the latest, an instalment equal to the VAT due for the period from 1 Octobre to 20 December included of the current year.

However, these taxable persons can also opt for monthly returns.

Taxable persons submitting a VAT return, must send the return and both lists mentioned hereafter online. However, they are discharged from this obligation as long as they have no computer at their disposal to fulfil this obligation.

Finally, taxable persons must also yearly submit a list of the Belgian taxable persons to whom they supplied services or goods (Art. 53quinquies). As regards intra-Community deliveries and services for which the VAT must be paid by the recipient, an intra-Community statement must be monthly submitted (Art. 53sexies). Subject to certain conditions, this intra-Community statement can be quarterly submitted (Art. 53octies).

1.9. Special systems

In view of the fact that the normal VAT system entails considerable obligations which, for certain small enterprises, are difficult to fulfil, special systems apply to certain enterprises. There is also a special system notably for non-taxable legal persons.

1.9.1. The special system for small enterprises

The first group of arrangements is governed by Art. 56 and Art. 56bis.

There is first the flat-rate system for small enterprises (Art. 56). This system applies only to enterprises which deal mainly with private individuals, which have a turnover not exceeding 750,000 euro (excl. VAT) a year and which are active in certain sectors (e.g., bakers, butchers, hairdressers, ...). For each rate of VAT, their turnover is set according to a fixed rate. The deduction of the VAT charged on inputs is applied according to the normal rules. These companies can, however, opt for the normal VAT system (cf. Royal Decree No 2 of 7 November 1969 fixing VAT presumptive taxation).

In addition there is also the tax exemption for the supply of goods and services by enterprises whose annual turnover does not exceed 25,000 euro (excl. VAT – Art. 56bis). They are not entitled, however, to deduct the VAT on their purchases. This exemption system does, inter alia, not apply to certain immovable transactions or to certain transactions with new means of transport and to some other transactions (notably in the building, Horeca and recovery sectors). If these enterprises so wish, they can, under certain conditions, be subjected to the normal VAT system or the flat-rate system referred to above (cf. Royal Decree No 19 of 29 June 2014 relating to the VAT exemption scheme in favour of small enterprises).

Moreover, in principle, taxable persons/natural persons active in the collaborative economy and applying the above-mentioned exemption system, do not have to be identified for TVA purposes when supplying services in Belgium to natural persons for private purposes in the collaborative economy. This system relating to the collaborative economy only applies if the services are exclusively supplied via a recognised or public platform, if the payments are only made by or via the platform and if the turnover per calendar year does not exceed 6,130 euro.
1.9.2. The special system for certain farms

This special system is governed by Art. 57.

Farms are not required to fulfil the obligations relating to invoicing, returns and the payment of VAT, except in respect of their intra-Community purchases exceeding the threshold of 11,200 euro (excl. VAT).

If the contracting partner is a taxable person who submits returns, the latter pays the farm a sum which is calculated at a fixed rate, as a compensation for the VAT charged on inputs. This amount is equal to 2% of the purchase price for the supply of wood and 6% for other supplies. The contracting partner is entitled, under certain conditions, to deduct this fixed compensation from the VAT which he owes the Treasury.

Farms can opt for the normal VAT system. The normal system is compulsory, however, for certain farms (for example those which are in the form of a commercial company) (cf. Royal Decree No 22 of 15 September 1970 relating to the special VAT scheme applicable to farms).

1.9.3. Special systems applicable to telecommunications services, radio and television broadcasting services and services electronically supplied to non-taxable persons

Those special systems originate from Art. 58bis, 58ter and 58quater.

Telecommunications services, radio and television broadcasting services and services electronically supplied to non-taxable persons take place where the customer is established or in his home or usual residence (= Member State of consumption).

In order to be more able to fulfil his VAT obligations and to avoid to identify himself in each Member State, the service provider can designate only one identification Member State as being the only electronic contact point for the VAT identification, the submission of the VAT return and the payment of the VAT due in each Member State of consumption.

As well the taxable person who is not established in the Community (Art. 58ter) as the one established in the Community but in another Member State than the Member State of consumption (Art. 58quater) can choose this special system.
Part II: Indirect taxation

1.9.4. Other special systems

The basis for these systems is given in Art. 58.

Special taxation regimes have been implemented, for instance, for manufactured tobacco (VAT levied together with the excise duty - Art. 58, §1), for importation of fish, crustaceans and molluscs which are brought directly from the sea to the fish market (levy at the moment of sale at the fish market - Art. 58, §2) and for the importation of goods which are sent in small consignments or carried in the luggage of travellers (flat-rate calculation - Art. 58, §3).

In addition, a number of taxable persons in certain sectors can, under certain conditions, be discharged from specific VAT obligations: accounting, submission of returns and payment of VAT to the Treasury. They must then, however, waive their entitlement to the deduction of VAT paid to their suppliers. This is, for instance, the case for certain inland navigation service providers, owners of laundries, dyeing and dry cleaning establishments and certain other small firms.

Finally, an exemption from VAT registration is granted for a very limited number of activities, for instance for certain independent press correspondents.

1.9.5. The special VAT return

A special VAT return must be submitted by those taxable persons who do not submit periodic VAT returns and who:

- make certain intra-Community acquisitions (for example new means of transport, acquisitions of other goods for more than 11,200 euro (excl. VAT) a year or they may, if they so choose, subject all acquisitions of the said goods to the VAT in Belgium);
- receive certain services such as advertisement, the intellectual work of certain consultants, the supply of staff, the renting of certain tangible movable property (except means of transport), etc. which are deemed to take place in Belgium and which are supplied by services providing persons who are not established in Belgium.

The special return must also be submitted by non-taxable legal persons (for example the State, municipalities, public institutions) for the transactions referred to above (notably the intra-Community acquisition of goods).

The persons concerned must, before they carry out these transactions, inform the VAT Administration according to certain rules. They are assigned a VAT identification number and must, in so far as they have performed the said transactions (purchases), submit per quarter the special VAT return referred to above, not later than the 20th day of the month after the quarter in which the VAT became due. This special return can also be filed electronically.
CHAPTER TWO
REGISTRATION DUTIES, MORTGAGE DUTIES, COURT FEES AND THE REGISTRATION TAX

What is new?

- As far as the Walloon Region is concerned: abolishment of the 15% rate of registration duties on the acquisition of real estate; introduction of a reduced tax base of registration duties on the acquisition of real estate being the buyer’s main residence; 6% rate of registration duties on certain viager sales; reduction of the 7.7% rate to 5.5% in donation duties on donations of movable assets (as from 1 January 2018).

- As far as the Brussels-Capital Region is concerned: reduction by maximum 87,500 euro in the tax base of registration duties on the sale of building lots (under certain conditions) (as from 1 January 2018).

These taxes are laid down and regulated by the Code of Registration Duties, Mortgage Duties and Court Fees and by the decrees issued for its implementation.

As far as the Flemish Region is concerned: some of those taxes (i.e. the donation tax, the sales duty, the share duty and the duty on mortgage creation) are fixed and regulated in the “Vlaamse Codex Fiscaliteit”. As from 1 January 2015, the Flemish Region has also become competent to service those taxes.

2.1. Registration duties and the registration tax

Registration duties (and the registration tax in the Flemish Region) are levied, as a rule, when a deed or written document is registered, i.e. at any formality which consists in copying, analysing or mentioning this deed or this written document by the receiver of registry fees and stamp duties in a register made for this purpose or on any other data medium determined by Royal Decree.

The following must be registered, among others:
- deeds drawn up by Belgian notaries;
- other writs and reports by Belgian bailiffs than protests;
- decisions and judgments issued by Belgian courts and tribunals which contain dispositions subject to proportional duty for transfer against payment;
- private deeds or notarial deeds signed abroad, relating to the transfer or declaration of property or usufruct of property situated in Belgium or relating to the lease, sub-lease or transfer of lease of such property;
- records of the public sale of tangible movable assets drawn up in Belgium;
- private contracts and notarial deeds drawn up abroad relating to the contribution of movable or immovable assets to Belgian companies which are legal persons.

The King can rule that certain kinds of deeds drawn up by notaries and bailiffs shall be exempted from the registration formality, but this exemption shall not entail the relief from duties applicable to these deeds.

It is also obligatory to present for formal registration a certain number of agreements for which there is no written document, including agreements relating to the transfer or declaration of property or the usufruct of property located in Belgium or relating to the transfer of assets to a Belgian company which is a legal person.
There are three types of registration duties: proportional duties, specific fixed duties and the general fixed duty.

In the Flemish Region, some of those proportional duties are called otherwise: the donation tax, the sales duty, the share duty and the duty on mortgage creation. Those four taxes together are called “the registration tax”.

In respect of certain deeds (such as certain transfers of real estate intended exclusively for education; leases, underleases or assignment of leases relating to real estate or parts of real estate which are located in Belgium and intended to be exclusively a single person or single family lodging), the registration is free of charges.

Registration duties are to be paid in principle before deed registration by the registry office concerned.

In the Flemish Region, the taxpayer must pay the registration tax immediately after the transmission of the tax assessment notice.

2.1.1. Proportional registration duties

These duties amount in each case to a percentage of the tax base.

A. Sale of real estate

As regards sales, exchanges or any other agreement for a consideration, relating to the transfer of property or usufruct of real estate located in Belgium, a 12.5% registration duty is levied in principle on the contractual value of real estate and expenses. The taxable value cannot, however, be lower than the market value of the property as of the day of the agreement.

In the Flemish Region, a sales duty of 10% is levied on those operations instead of registration duties.

However, in the Walloon Region, expenses regarding studies relating to investigation costs on polluted or potentially polluted grounds and to drainage deeds or work, are not taken into consideration in the tax base.

In the Walloon Region, the 12.5% rate has been reduced to 6% for viager sales recorded in an authentic deed and aiming at saling a dwelling which has been the seller’s main residence for at least 5 years. The reduction does not apply to private agreements submitted for registration (cf. Art. 44, Code of Registration Duties, Mortgage Duties and Court Fees, applicable in the Walloon Region).

In the Walloon Region, as far as sales are concerned, the tax base has been reduced by 20,000 euro for the acquisition for a consideration, by one or several natural persons, of the full ownership of real estate used or intended to be used partially or wholly as a dwelling which will become the main residence. This reduction also applies to the acquisition of a building lot or a dwelling under construction or an off-plan dwelling (cf. Art. 46bis, § 1, paragraph 1, Code of Registration Duties, Mortgage Duties and Court Fees, applicable in the Walloon Region).

“Main residence” means, unless proven otherwise, the buyers’ address registered in the population register or the register of aliens. The building lot on which a construction has been built which is intended to be demolished by the buyer to rebuild his main residence is also considered as “building lot” (cf. Art. 46bis, § 1, paragraph 3, Code of Registration Duties, Mortgage Duties and Court Fees, applicable in the Walloon Region).
Except for the Brussels-Capital Region, sales of certain small rural properties and modest dwellings entitle to a reduced rate of duty. The duty amounts to 6% in the Walloon Region. In the Flemish Region, a sales duty applies in those cases at a reduced rate of 5%. There are also other reduced duties which are applicable to other operations.

In the Walloon Region, the duty amounting to 6% for modest dwellings and small rural properties is however reduced to 5% where a mortgage loan is granted, in the framework of the sale, to the buyer by the “Société wallonne du Crédit social”, the “Guichets du Crédit social” or the “Fonds du Logement des Familles nombreuses de Wallonie”. Where this reduction to 5% does not apply, the taxable base entitling to the 6%-rate is limited to 167,559.69 euro in areas of housing pressure and to 157,087.20 euro outside those areas. The balance of the taxable base is taxed at the standard rate.

In the Flemish Region, the tax base can, under certain conditions, be diminished by 15,000 euro in respect of acquisitions, by natural persons, of real estate intended to be used as their main residence. This standard relief is called ‘abatement’. If a mortgage is created on the acquired real estate in order to finance this acquisition (building, planning or renovation works), this abatement is increased, under certain conditions, by 10,000 euro where the 10% sales duty applies and by 20,000 euro where the 5% sales duty applies (cf. notably Art. 2.9.3.0.2 of the “Vlaamse Codex Fiscaliteit”).

In addition to the regulation in respect of this abatement, the Flemish Region applies ‘portability’ of sales duties formerly paid. When a natural person sells or splits up his main residence and acquires within two years a new real estate (house or building lot) intended to become his new main residence [and this within two years (house) or five years (building lot)], the initial sales duties paid formerly are deductible, under certain conditions and within certain limits, from the duties to be paid in respect of the new acquisition intended to be his new main residence. This is called portability in the form of deduction (see notably Art. 2.9.5.0.1 to 2.9.5.0.3 included of the “Vlaamse Codex Fiscaliteit”).

Besides, there is a portability in the form of reimbursement. The latter can be applied for where the natural person only sells or splits up his main residence after acquiring the building lot or house intended to become his new residence. The sale or splitting has to take place within two years after the acquisition of the dwelling or five years in the case of an acquisition of a building lot intended to be used as his new main residence (cf. notably Art. 3.6.0.0.6 of the “Vlaamse Codex Fiscaliteit”). The tax advantage is the same in both forms of portability (maximum 12,500 euro).

The abatement cannot be combined with the portability.

In the Brussels-Capital Region, the tax base is, under certain conditions, reduced by 175,000 euro in respect of acquisitions, by natural persons, of real estate aimed at being their main residence, provided that the tax base does not exceed 500,000 euro. For the acquisition of a building lot, the tax base is, under certain conditions, reduced by maximum 87,500 euro. The reduction only applies where the tax base does not exceed 250,000 euro.

In certain cases (e.g. certain resales) and under certain conditions, the duties levied may be entirely or partly refunded.

B. Public sale of tangible movable property

The public sale of tangible movable property is liable to a 5% duty calculated on the price and the expenses.
C. Lease of real estate

In principle, the duty is set at 0.2% for leases, sub-leases and transfers of leases of property (or parts of buildings) located in Belgium and certain other assimilated operations. This duty is levied on the basis of the cumulated amount of rent and charges.

In the case of lease, sub-lease and transfer of lease in respect of real estate (or parts of buildings) located in Belgium which is used exclusively for the accommodation of a family or a single person, the registration duties for the contracts are nil.

However, the rate for hunting and fishing leases amounts to 1.5%. As regards agreements establishing long lease rights or building rights, and their transfer, the rate is 2%, except where non-profit organisations or similar legal persons become holders of the long lease rights or building rights; in this case the rate has been fixed at 0.50%.

D. Creation of mortgage

The creation of mortgage on real estate located in Belgium is liable to a 1% duty (in the Flemish Region: “duty on mortgage creation”) calculated on the amount guaranteed by the mortgage. A 0.5% rate is applicable to creations of mortgage on vessels not intended by nature to be seagoing vessels, to the giving in pledge of a business and to the creation of farming privileges. Creations of mortgage on vessels intended by nature to be seagoing vessels are not chargeable to these duties.

In the Walloon Region, the duty is reduced to 0% if the mortgage secures an Eco-loan granted by the “Société wallonne du Crédit social”, the “Guichets du Crédit social” or the “Fonds du Logement des Familles nombreuses de Wallonie”.

E. Division of real estate

In the Walloon Region and in the Brussels-Capital Region, a duty amounting to 1% is levied on 1° the total or partial divisions of real estate, 2° transfers for a consideration, between co-owners, of undivided shares in real estate, and 3° certain conversions of rights on real estate (Art. 109 of the Code of Registration Duties, Mortgage Duties and Court Fees, as applicable in the Walloon Region and in the Brussels-Capital Region).

In the Flemish Region, a share duty amounting to 2.5% is levied on the above-mentioned operations. (cf. notably Art. 2.10.1.0.1, 2.10.3.0.2 and 2.10.4.0.1 of the “Vlaamse Codex Fiscaliteit”).

The share duty is reduced to 1% for the operations mentioned under 1° and 2° above, for sharing out after divorce or in the event of a share resulting from the termination of the legal cohabitation, within a three-year period, provided that, on the date of the termination of the legal cohabitation, the persons have been legally living together for at least one year without interruption (see notably Art. 2.10.4.0.1 of the “Vlaamse Codex Fiscaliteit”).

F. Contribution of assets to Belgian companies and capital increase of Belgian companies (capital duty)

The registration duty on the contribution of assets to Belgian companies was reduced to nil as from 1 January 2006 by the Act of 22 June 2005 (BOJ 30 June 2005, first edition) introducing a tax allowance for corporate equity.

However, the contribution of real estate located in Belgium, which is, in whole or in part, used or intended for housing purposes, is liable to the 12.5% duty (in the Flemish Region: to the 10% sales duty) when the contribution is made by natural persons.

The registration duty on the increase in statutory capital of a Belgian company, without contribution of new assets, was reduced to nil as from 1 January 2006 by the Act of 22 June 2005 (BOJ 30 June 2005, first edition) introducing a tax allowance for corporate equity.
Part II: Indirect taxation
Registration duties, mortgage duties and court fees

G. Donations

Donation duties (in the Flemish Region: donation tax) apply to all donations of movable and immovable assets, regardless of their form, their object or their arrangements and of the manner in which they are carried out. The manual donation (including the bank donation) is an exception to that principle.

This donation duty or donation tax is calculated on the market value of the donated goods, in principle without deduction of expenses. In the Walloon Region, expenses resulting from investigation and draining requirements on polluted or potentially polluted grounds, including demolition and restoration costs linked to this draining operation, are deducted.

The rate can differ from one Region to another.

In respect of donations made by an inhabitant of the Kingdom, the rate to be applied is the rate applying in the Region where the donor has established his fiscal residence at the moment of the donation. If the donor’s fiscal residence had been situated in more than one place in Belgium during the period of five years preceding the donation, the longest residence determines the Region whose rates will be applicable. In respect of donations of real estate situated in Belgium by a person who is not an inhabitant of the Kingdom, the rate to be applied is the one applying in the Region where the real estate is situated.

1. RATES OF THE DONATION TAX IN THE FLEMISH REGION

In the Flemish Region a distinction is made between donations of immovable property, movable property and undertakings.

As regards donations of immovable property, a donation tax is levied on the gross part of each of the donees; it is calculated according to the tables I and II hereafter.

**TABLE I - Donations of immovable property between lineal relatives and between partners**

<table>
<thead>
<tr>
<th>Portion of value of the donation in euro</th>
<th>Tax rates in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>From</td>
<td>Up to (and including)</td>
</tr>
<tr>
<td>0.01</td>
<td>150,000</td>
</tr>
<tr>
<td>150,000.01</td>
<td>250,000</td>
</tr>
<tr>
<td>250,000.01</td>
<td>450,000</td>
</tr>
<tr>
<td>450,000.01</td>
<td>Above</td>
</tr>
</tbody>
</table>

**TABLE II - Donations of immovable property between any other persons**

<table>
<thead>
<tr>
<th>Portion of value of the donation in euro</th>
<th>Tax rates in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>From</td>
<td>Up to (and including)</td>
</tr>
<tr>
<td>0.01</td>
<td>150,000</td>
</tr>
<tr>
<td>150,000.01</td>
<td>250,000</td>
</tr>
<tr>
<td>250,000.01</td>
<td>450,000</td>
</tr>
<tr>
<td>450,000.01</td>
<td>above</td>
</tr>
</tbody>
</table>

The tax is calculated per donee and per portion of the donation.

The Tax Survey should not be considered as an administrative circular, no rights can be founded on it. January 2018 issue.
Part II: Indirect taxation

However, the tax rates mentioned in Table III and IV apply to donations of immovable property located in the Flemish Region, provided that the assignees, or one of them, under some conditions, perform renovation work within five years, for a total amount of at least 10,000 euro (excl. VAT).

Those tax rates also apply to donations of immovable property located in the Flemish Region where the assignees, one of them or the donor with a reserved usufruct provide, within three years, both the certificate of compliance, referred to in Title II, Chapter II of the Flemish Housing Code, and a lease for at least nine years; both documents must be dated after the donation date.

The difference in donation tax resulting from the application of respectively Tables III and IV in comparison to respectively Tables I and II, is refunded in compliance with a specific procedure.

The amount is recovered if, after granting the advantage for the above-mentioned renting, the actual nine-year renting cannot be proved.

**TABLE III - Donations of immovable property of which the energy efficiency has been upgraded or of rented immovable property with a certificate of compliance – donations between lineal relatives and between partners**

<table>
<thead>
<tr>
<th>Portion of value of the donation in euro</th>
<th>Tax rates in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>From</td>
<td>Up to (and including)</td>
</tr>
<tr>
<td>0.01</td>
<td>150,000</td>
</tr>
<tr>
<td>150,000.01</td>
<td>250,000</td>
</tr>
<tr>
<td>250,000.01</td>
<td>450,000</td>
</tr>
<tr>
<td>450,000.01</td>
<td>Above</td>
</tr>
</tbody>
</table>

**TABLE IV - Donations of immovable property of which the energy efficiency has been upgraded or of rented immovable property with a certificate of compliance – donations between any other persons**

<table>
<thead>
<tr>
<th>Portion of value of the donation in euro</th>
<th>Tax rates in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>From</td>
<td>Up to (and including)</td>
</tr>
<tr>
<td>0.01</td>
<td>150,000</td>
</tr>
<tr>
<td>150,000.01</td>
<td>250,000</td>
</tr>
<tr>
<td>250,000.01</td>
<td>450,000</td>
</tr>
<tr>
<td>450,000.01</td>
<td>above</td>
</tr>
</tbody>
</table>

The tax is calculated per donee and per portion of the donation.

In respect of donations of land the town and country planning provisions have designed as building land, special rates apply, under certain conditions, to a natural person's gross portion in the donated land, when notarial deeds drawn up between 1 January 2012 and 31 December 2019 are concerned.
Part II: Indirect taxation

Registration duties, mortgage duties and court fees

**TABLE V - Donations of building land between lineal relatives and between partners**

<table>
<thead>
<tr>
<th>Portion of value of the donation in euro</th>
<th>Tax rates in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>From</td>
<td>Up to (and including)</td>
</tr>
<tr>
<td>0.01</td>
<td>12,500</td>
</tr>
<tr>
<td>12,500.01</td>
<td>25,000</td>
</tr>
<tr>
<td>25,000.01</td>
<td>50,000</td>
</tr>
<tr>
<td>50,000.01</td>
<td>100,000</td>
</tr>
<tr>
<td>100,000.01</td>
<td>150,000</td>
</tr>
<tr>
<td>150,000.01</td>
<td>200,000</td>
</tr>
<tr>
<td>200,000.01</td>
<td>250,000</td>
</tr>
<tr>
<td>250,000.01</td>
<td>500,000</td>
</tr>
<tr>
<td>500,000.01</td>
<td>Above</td>
</tr>
</tbody>
</table>

**TABLE VI - Donations of building land between collaterals and between non-relatives**

<table>
<thead>
<tr>
<th>Portion of value of the donation in euro</th>
<th>Tax rates in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>From</td>
<td>Up to (and including)</td>
</tr>
<tr>
<td>0.01</td>
<td>150,000</td>
</tr>
<tr>
<td>150,000.01</td>
<td>175,000</td>
</tr>
<tr>
<td>175,000.01</td>
<td>above</td>
</tr>
</tbody>
</table>

The tax is calculated per donee and per portion of the donation.

With respect to donations of immovable property and building land, any donation to disabled people or to a disabled child benefits an abatement. This abatement applies at the rate of the taxable base. It amounts to 3,000 euro for acquisitions between lineal relatives and between partners, multiplied by a factor between 2 and 18 according to the buyer's age. As far as acquisitions between any other persons are concerned, it amounts to 1,000 euro, multiplied by the above-mentioned factor.

This abatement only applies if no dotation has yet occurred between the donor and the assignee, having entitled to this reduction of the taxable base.

As regards donations of movable property, a 3% tax is levied on the gross part of each of the donees in respect of acquisitions between lineal relatives or between partners, and a 7% tax in respect of acquisitions between any other persons. However, donations of movable property made under the suspensive condition that the donor deceases before the donee, are assimilated to legacies and are subject to inheritance tax (see further, chapter 3).
Part II: Indirect taxation

With respect to donation tax, the word “partner” shall be construed as being:

1° the person who, on the date of the donation, is married with the donor;

2° the person who, on the date of the donation, in compliance with the provisions of Book III, Title Vbis of the Civil Code, legally cohabits with the donor;

3° the persons who, on the date of the donation, have been living together with the donor, sharing his household, for at least one year without interruption (three years for the application of the rate on donations of assets of family businesses or shares of family companies, see hereafter). These conditions are also deemed to be met when the cohabitation and the sharing of the household have become impossible, due to force majeure, between the cohabitation period of one (or three) uninterrupted year(s) and the date of the gift. A certificate of residence holds a refutable assumption of uninterrupted cohabitation and shared household.

“Donations between lineal relatives” means:

1. donations between persons who are descended from each other, in compliance with Art. 736 of the Civil Code, or between persons who, as a consequence of full adoption in compliance with Art. 356-1 of the Civil Code, have a status including the same rights and obligations;

2. under certain conditions, donations between a person and his/her partner’s child;

3. donations between persons who are or were linked by a relationship foster parents/foster children. Such a relationship shall be deemed to exist or have existed where someone has cohabited, before having reached 21 years old and for three consecutive years, with another person and has received during this period from principally this other person or this other person and his/her partner assistance and care which are usually provided to children by their parents. The registration of the foster child in the population register or in the register of aliens at the foster parent’s address, is a rebuttable presumption of the cohabitation with the foster parent;

4. under certain conditions, donations resulting from relationship as a consequence of simple adoption;

5. donations between ex-partners if there are common descendants.

Certain donations of the full ownership, bare ownership or usufruct of the assets of family businesses or shares of family companies, are exempted from the donation tax, subject to a whole series of conditions. This exemption does not apply to transfers of immovable property essentially used or intended to be used as a dwelling. Conditions and implementations are described in the “Vlaamse Codex Fiscaliteit”.
2. RATES OF DONATION DUTIES IN THE WALLOON REGION

In the Walloon Region, a distinction is made between the general system and the conditional system applying to donations of movable property, dwellings or businesses.

In the general system, a duty is levied on the gross part of each of the donees; it is calculated according to the tables I and II hereafter.

**TABLE I - Donations between lineal relatives, between spouses and between legal cohabitants – General system**

<table>
<thead>
<tr>
<th>Portion of value of the donation in euro</th>
<th>Tax rates in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>From</td>
<td>Up to (and including)</td>
</tr>
<tr>
<td>0.01</td>
<td>25,000</td>
</tr>
<tr>
<td>25,000.01</td>
<td>100,000</td>
</tr>
<tr>
<td>100,000.01</td>
<td>175,000</td>
</tr>
<tr>
<td>175,000.01</td>
<td>200,000</td>
</tr>
<tr>
<td>200,000.01</td>
<td>400,000</td>
</tr>
<tr>
<td>400,000.01</td>
<td>500,000</td>
</tr>
<tr>
<td>above</td>
<td>500,000</td>
</tr>
</tbody>
</table>

The duty is calculated per donee and per portion of the donation.

“Spouses” and “legal cohabitants” are defined as follows:

- “spouse” means the person who, on the date of the donation, was married to the donor, in accordance with the provisions of Book I, Title V, of the Civil Code, and the person who, on the date of the donation, was married to the donor, in accordance with Chapter III of the law on international private law;
- “legal cohabitant” means the person who, on the date of the donation, was domiciled and legally cohabiting with the donor, in accordance with the provisions of Book III, Title Vbis, of the Civil Code, and the person who, on the date of the donation, was domiciled with the donor or had his/her habitual residence with the donor, within the meaning of Article 4 of the law on international private law, and was living together with the donor, in accordance with Chapter IV of the same law.

**TABLE II - Donations between collaterals and between non-relatives – General system**

<table>
<thead>
<tr>
<th>Portion of value of the donation in euro</th>
<th>Tax rates in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>From</td>
<td>Up to (and including)</td>
</tr>
<tr>
<td>0.01</td>
<td>50,000</td>
</tr>
<tr>
<td>50,000.01</td>
<td>75,000</td>
</tr>
<tr>
<td>75,000.01</td>
<td>150,000</td>
</tr>
<tr>
<td>150,000.01</td>
<td>175,000</td>
</tr>
<tr>
<td>175,000.01</td>
<td>300,000</td>
</tr>
<tr>
<td>300,000.01</td>
<td>350,000</td>
</tr>
<tr>
<td>350,000.01</td>
<td>450,000</td>
</tr>
<tr>
<td>above</td>
<td>450,000</td>
</tr>
</tbody>
</table>

The duty is calculated per donee and per portion of the donation.

“Spouses” and “legal cohabitants” are defined as follows:

- “spouse” means the person who, on the date of the donation, was married to the donor, in accordance with the provisions of Book I, Title V, of the Civil Code, and the person who, on the date of the donation, was married to the donor, in accordance with Chapter III of the law on international private law;
- “legal cohabitant” means the person who, on the date of the donation, was domiciled and legally cohabiting with the donor, in accordance with the provisions of Book III, Title Vbis, of the Civil Code, and the person who, on the date of the donation, was domiciled with the donor or had his/her habitual residence with the donor, within the meaning of Article 4 of the law on international private law, and was living together with the donor, in accordance with Chapter IV of the same law.
For donations of movable property, the following proportional rates on the gross part of each of the donees (Art. 131bis of the Code, as applicable in the Walloon Region) are due:

- 3.3% on donations between lineal relatives, between spouses or between legal cohabitants;
- 5.5% on donations between other persons.

However, the above-mentioned rates do not apply to donations subject to suspensive conditions realised after the donor’s death (Art. 131bis of the Code of Registration Duties, Mortgage Duties and Court Fees, as applicable in the Walloon Region).

The preferential rates in Table III may apply to donations of dwellings where:

- it is a donation, between lineal relatives, spouses or legal cohabitants, of a ‘dwelling’, i.e. (a portion of) a real estate that is in the unrestricted ownership of the donor and is intended to be used wholly or partly as a dwelling;
- this dwelling is situated in the Walloon Region;
- it has been, in principle, the donor’s main residence for at least five years at the time of the donation.

### TABLE III - Donations of dwellings between lineal relatives, spouses or legal cohabitants

<table>
<thead>
<tr>
<th>Portion of value of the donation in euro</th>
<th>Tax rates in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>From To (and including)</td>
<td>Lineal, between spouses and between legal cohabitants</td>
</tr>
<tr>
<td>0.01 to 25,000</td>
<td>1</td>
</tr>
<tr>
<td>25,000.01 to 50,000</td>
<td>2</td>
</tr>
<tr>
<td>50,000.01 to 100,000</td>
<td>4</td>
</tr>
<tr>
<td>100,000.01 to 175,000</td>
<td>5</td>
</tr>
<tr>
<td>175,000.01 to 250,000</td>
<td>9</td>
</tr>
<tr>
<td>250,000.01 to 400,000</td>
<td>18</td>
</tr>
<tr>
<td>400,000.01 to 500,000</td>
<td>24</td>
</tr>
<tr>
<td>above</td>
<td>30</td>
</tr>
</tbody>
</table>

A tax exemption amounting to 12,500 euro is granted on the first bracket of the donation (25,000 euro if the donee’s gross portion does not exceed 125,000 euro). The value relating to the possible professional share of the immovable property entitling to the rate applied to donations of businesses (see below), is not taken into account when determining the taxable share.

As regards certain donations of businesses and donations of property rights on agricultural land or on shares or securities of certain companies, they are liable, subject to certain conditions, to a 0% duty. The 3% rate can apply to certain donations of building lands with an area exceeding 150 hectares. Those rates do not apply to immovable property used or intended to be used partially or wholly as a dwelling. Conditions and implementations are described in art. 140bis to 140octies of the Code of Registration Duties, Mortgage Duties and Court Fees, as applicable in the Walloon Region.
Part II: Indirect taxation

Registration duties, mortgage duties and court fees

In the Walloon Region, are exempted from donation duties, under certain conditions:
- the value of real estate located within the perimeter of a Natura 2000 site or within the perimeter of a candidate site for the Natura 2000 network;
- the value of growing trees in woodlands and forests;
- the value of stocks and shares of forestry groups, inasmuch as this value relates to growing trees in woodlands and forests.

3. RATES OF DONATION DUTIES IN THE BRUSSELS-CAPITAL REGION

In the Brussels-Capital Region, a distinction is made between donations of immovable property, donations of movable property and donations of businesses.

As regards donations of immovable property a duty is levied on the gross part of each of the donees; it is calculated according to the tables I and II hereafter.

**TABLE I - Donations of immovable property between lineal relatives, between spouses and between cohabitants**

<table>
<thead>
<tr>
<th>Portion of value of the donation in euro</th>
<th>Tax rates in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>From</td>
<td>Up to (and including)</td>
</tr>
<tr>
<td>0.01</td>
<td>150,000</td>
</tr>
<tr>
<td>150,000.01</td>
<td>250,000</td>
</tr>
<tr>
<td>250,000.01</td>
<td>450,000</td>
</tr>
<tr>
<td>above</td>
<td>450,000</td>
</tr>
</tbody>
</table>

“Cohabitant” means any person being in a situation of legal cohabitation such as defined in Book III, Title Vbis of the Civil Code.

**TABLE II - Donations of immovable property between any other persons**

<table>
<thead>
<tr>
<th>Portion of value of the donation in euro</th>
<th>Tax rate in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>From</td>
<td>Up to (and including)</td>
</tr>
<tr>
<td>0.01</td>
<td>150,000</td>
</tr>
<tr>
<td>150,000.01</td>
<td>250,000</td>
</tr>
<tr>
<td>250,000.01</td>
<td>450,000</td>
</tr>
<tr>
<td>above</td>
<td>450,000</td>
</tr>
</tbody>
</table>

As regards donations of movable property, a 3% duty is levied on the gross part of each of the donees in respect of donations between lineal relatives or between spouses or cohabitants, and a 7% duty in respect of donations between collaterals or non-relatives. However, donations of movable property made under the suspensive condition that the donor deceases before the donee, are assimilated to legacies and are subject to inheritance tax.

The duty is calculated, on the basis of the above-mentioned tables, per donee and per portion of the donation.

The donation of the full ownership, bare ownership or usufruct of the assets invested by the donor or his partner for professional purposes in a family business, and the donation of shares of some family companies, are exempt from donation duties, provided that a series of conditions are met. This exemption does not apply to immovable property used or intended to be used partially or wholly as a dwelling. Conditions to be met to get and retain the exemption and implementation rules are described in art. 140/1 to 140/6 of the Code of Registration Duties, Mortgage Duties and Court Fees, as applicable in the Brussels-Capital Region.
Part II: Indirect taxation

4. REDUCED DONATION DUTIES OR DONATION TAX BASED ON THE EXISTENCE OF CHILDREN

In the Walloon Region and in the Brussels-Capital Region, donees having at least three children under 21 at the time of the donation are entitled to a tax reduction. In the Flemish Region, this reduction is granted only on behalf of immovable property not entitled to the special rate for building land.

H. Other operations

Other operations, which are not mentioned here, are also liable to proportional registration duty (for example: certain judgments and rulings).

The amount of proportional duties can in no case be lower than the general fixed duty (see 2.1.3.).

For a certain number of operations, there is an exemption from the proportional registration duty (for example: for VAT liable operations relating to immovable property).

2.1.2. Specific fixed duties

These duties are those of which the amount is a fixed sum which can nonetheless vary according to the nature of the deed.

These deeds are:

- the permission to change one's first name (490 euro, with possible reduction to 49 euro), the permission to change one's family name (49 euro) or the permission to add another name or a particle to a name or to substitute a small letter for a capital letter (740 euro, with possible reduction to 490 euro);
- the total or partial discharge of mortgage taken out in Belgium: 75 euro;
- deeds or written documents annexed to deeds drawn up by Belgian notaries and writs and reports by Belgian bailiffs: 100 euro for all those annexed documents. If some of those documents require the payment of other registration duties, the registration duties applicable to those documents are due and the specific fixed duties amounting to 100 euro are due for all other documents;
- in the Flemish Region, provided that certain conditions are met, the amicable rescission or cancellation of pre-contracts: 10 euro;
- in the Walloon Region and in the Brussels-Capital Region, in any case provided that certain conditions are met, some conventions relating to rescission of sales, sharings, donations and some other deeds, notably terminated conventions: 10 euro.

2.1.3. General fixed duty

The general fixed duty is levied on all deeds not explicitly included in the Code of Registration Duties, Mortgage Duties and Court Fees or in the “Vlaamse Codex Fiscaliteit”, as having been made subject to proportional duty or specific fixed duty, for example, marriage contracts, wills, most appendices to deeds subject to a proportional or fixed duty.
Moreover, the general fixed duty is levied on deeds which are in principle subject to proportional duties, but which have been exempted by some provision of the Code, in as far as the Code does not explicitly relieve them from the registration duties.

The general fixed duty is **50 euro**.

### 2.2. Mortgage duty

Mortgage duty is levied on the registration of mortgage and privileges on immovable property. It is **0.3%** of the amount in principal and accessories of sums for which the registration is contracted or renewed (with a minimum) of 5 euro. Certain types of registration (notably those payable by the State) are exempted from mortgage duty.

The duty is to be paid before the mortgage registration.

### 2.3. Court fees

These duties are levied on certain operations carried out in the law-clerk's office of courts and tribunals. These are fixed duties which vary according to the case and which are levied either per operation or per page of the document concerned. A distinction is made between enrolment duty (registration of lawsuits in the role), drawing-up duty (levied on the deeds of the clerk of the court), and expedition duties (on expeditions, copies or extracts which are delivered in clerk's offices). There is a whole series of exemptions.

Depending on the cases, miscellaneous rules apply for the payment of duties.
CHAPTER THREE

ESTATE DUTIES AND THE INHERITANCE TAX

What is new?

As far as the Walloon Region is concerned: under some conditions, exemption from estate duties for the acquisition of the main residence by the spouse or the legal cohabitant.

These duties are laid down and regulated by the Estate Duty Code and the decrees issued for its implementation.

The inheritance tax (inheritance duty and transfer duty) is determined and regulated in the “Vlaamse Codex Fiscaliteit”. As from 1 January 2015, the Flemish Region has also become competent to service this tax.

3.1. Estate duties and the inheritance tax

3.1.1 Generalities

In the Walloon Region and in the Brussels-Capital Region, estate duties distinguish between the inheritance duty and the transfer duty upon death. In the Flemish Region, the concept of “inheritance tax” is used for these duties and includes the inheritance duty and the transfer duty.

The inheritance duty is charged on the net value of the estate of a deceased inhabitant of the Kingdom, i.e. on the value of the aggregate of all the property belonging to the deceased (movable or immovable, located in the country or outside the country), after deduction of the latter’s duly established liabilities and the funeral costs.

In the Flemish Region, the testator’s debts are equal to a lump sum amount of 1,570.80 euro (and 3,141.60 euro if the testator was married under the community of property regime, of which half can be deducted). Debts specially incurred to acquire or maintain immovable property are excluded from those lump sum amounts. Funeral expenses are equal to a lump sum amount of 6,283.20, unless the testator took out a funeral insurance policy. However, it remains possible to prove the actual debts or the actual funeral expenses to fix the deduction.

The transfer duty upon death (in the Flemish Region: transfer duty) is a tax which is levied on the value relating to immovable property situated in Belgium, collected through the succession of a non-inhabitant of the Kingdom, after deduction of certain debts. In the Walloon Region, it concerns debts specially relating to this property. In the Flemish Region and in the Brussels-Capital Region, debts specifically contracted to acquire or maintain this property are deductible if the deceased was an inhabitant of the EEA. The tariff is the same as that for the inheritance duty (see below).

These duties are calculated by means of a declaration which must be filed by the legal successors within 4, 5 or 6 months after the decease, according as to whether the testator died in Belgium, elsewhere in Europe or outside Europe. In the Flemish Region, these deadlines apply to deaths occurred respectively in Belgium, in another Member State of the European Economic Area or outside the European Economic Area.
Part II: Indirect taxation

Estate duties

The duties have to be paid at the latest two months after the expiry of the period in which the declaration of estate must be filed. However, in the Flemish Region, the amount due must be paid at the latest within two months from the date the tax notice was sent (date mentioned on it).

The property that, according to evidence provided by the administration (in the Flemish Region: the relevant department of the Flemish administration), was put at the deceased’s disposal, free of charge, in the three years preceding his death, is considered as part of his inheritance if the donation has not been liable to the registration duty on donations (or the donation tax) (see 2.1.1.G). In the Flemish Region, as far as certain assets of family businesses or shares of family companies are concerned, the three years period is brought to seven years (except for free provisions before 1 January 2012) and a gift exempted from the registration tax is assimilated to a gift liable to the donation tax or the registration duty on donations.

The tax base is in principle the market value of the goods as of the day of the death. Tax rates vary:
1. according to the degree of kinship between the beneficiary and the deceased,
2. according to the net share inherited (191) by each of the heirs,
3. according to the Region to which duties come. Where the deceased was a resident, estate duties come to the Region where his last fiscal domicile was located. Where however the deceased had been fiscally domiciled in more than one Region during the last five years preceding his death, the longest-lasting of the domiciliations will determine the Region to which estate duties come. Where the deceased was not a resident, estate duties come to the Region where the estate is located. The taxes are computed according to brackets and tax rates that can differ depending on the Region where they are levied.

3.1.2. Rates and particular provisions per Region

A Inheritances opened in the Flemish Region
A.1. General tax rates and delimitation of tax rate categories

<table>
<thead>
<tr>
<th>Bracket of the net acquisition in euro</th>
<th>Upon lineal relatives and between partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>From 0.01</td>
<td>50,000</td>
</tr>
<tr>
<td>50,000.01</td>
<td>250,000</td>
</tr>
<tr>
<td>250,000.01</td>
<td>more than</td>
</tr>
</tbody>
</table>

The partner’s net share in the real estate being the family dwelling house at the time of death, is no longer taken into account for calculating the taxable net share. However, this exemption does not apply to the partner who is either a testator’s lineal assignee or assimilated to a lineal assignee.

“Partner” means:
1° the person who, on the date the inheritance is opened, was married with the testator;
2° the person who, on the date the inheritance is opened, in line with the terms of Book III, Title Vbis of the Civil Code, legally cohabited with the testator;

191 Exceptions: as regards inheritances opened in the Flemish Region or in the Brussels-Capital Region: where one or more heirs do not belong to the groups “lineal relatives, spouses or cohabitants” (in the Flemish Region: “lineal relatives and partners”) or “brothers and sisters”, the tax rates vary according to the sum of the total net shares of these persons (see infra).
3° the persons who, on the date the inheritance is opened, cohabited with the testator, sharing his household, for at least one year without interruption (three years for the exemption of the net share in the dwelling house, see above, and for the application of the tariff to acquisitions of assets of family businesses or shares of family companies, see hereafter). These conditions are also deemed to be met when the cohabitation and the sharing of the household have become impossible, due to force majeure, between the cohabitation period of one uninterrupted year (or three years) and the testator’s death. A certificate of residence holds a rebuttable assumption of uninterrupted cohabitation and shared household.

“Acquisition between lineal relatives” means:

1. acquisitions between persons who are descended from each other, in compliance with Art. 736 of the Civil Code, or between persons who, as a consequence of full adoption in compliance with Art. 356-1 of the Civil Code, have a status including the same rights and obligations;

2. acquisitions between a person and his/her partner’s child. If the acquisition occurs after the partner’s death, the latter must still be considered as the partner of the first mentioned person on the date of the death;

3. acquisitions between persons who are or were linked by a relationship foster parents/foster children. Such a relationship shall be deemed to exist or have existed where someone has cohabited, before having reached 21 years old and for three consecutive years, with another person and has received during this period from principally this other person or this other person and his/her partner assistance and care which are usually provided to children by their parents. The registration of the foster child in the population register or in the register of aliens at the foster parent’s address, is a rebuttable presumption of the cohabitation with the foster parent;

4. under certain conditions, acquisitions resulting from relationship as a consequence of simple adoption;

5. acquisitions between ex-partners if there are common descendants.

<table>
<thead>
<tr>
<th>Bracket of taxable amount in euro</th>
<th>Tax rates in %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Between brothers and sisters</td>
</tr>
<tr>
<td>From 0.01 to 75,000</td>
<td>30</td>
</tr>
<tr>
<td>75,001 to 125,000</td>
<td>55</td>
</tr>
<tr>
<td>125,001 to more than</td>
<td>65</td>
</tr>
</tbody>
</table>

“Taxable amount” means:

- as far as brothers and sisters are concerned: the net acquisition of each of the brothers and sisters upon whom the estate devolves;

- as far as “others” are concerned: the sum of the net acquisitions devolving upon these persons.
A.2. SPECIAL SCHEMES

1. The following distinction should be made with respect to inheritance tax:
   - if the inheritance devolves upon lineal relatives and/or on the partner, Table I applies **possibly twice for each of them**: once on the portion representing the net immovable property and once on the portion representing the net movable property;
   - if the inheritance devolves upon brothers or sisters, table II applies to the global net share of each of them;
   - if the inheritance devolves upon other persons, table II applies to the aggregate of the global net shares of the assignees of the group (192).

2. The lineal heirs and the partner are entitled to a tax reduction, which is degressive and shall not exceed 500 euro. No reduction shall be allowed for net acquisitions (movable and immovable property considered together) exceeding 50,000 euro. For net acquisitions up to 50,000 euro, the reduction amounts to 500 euro x (1 – net acquisition/50,000). The net share in the dwelling house is not taken into account for calculating the total net acquisition.

3. The testator’s brothers and sisters are also entitled to a tax reduction on their net acquisition, inasmuch as it does not exceed 75,000 euro. If the net acquisition does not exceed 18,750 euro, the reduction amounts to 2,000 euro x net acquisition/20,000. If the net acquisition exceeds 18,750 euro but does not exceed 75,000 euro, the reduction amounts to 2,500 euro x (1 – net share/75,000).

4. All other heirs who are neither lineal heirs nor partners, brothers or sisters are entitled to a tax reduction, provided the sum of their net acquisitions does not exceed 75,000 euro. That reduction is apportioned between the heirs in proportion to their net acquisition of the inheritance. Where the aggregate of the net acquisitions does not exceed 12,500 euro, the reduction amounts to 2,000 euro x ([aggregate of the net acquisitions]/12,500). Where the aggregate exceeds 12,500 euro but does not exceed 75,000 euro, the reduction amounts to 2,400 euro x (1 - [aggregate of the net acquisitions]/75,000).

5. In order to determine the net acquisitions mentioned sub 2, 3 and 4 above, the exemption for disabled persons (see 7 infra) is not taken into consideration. Where applicable, the reduction in the inheritance tax cannot exceed the amount of the inheritance tax due after the granting of the exemption for disabled persons.

6. There is a 75 euro tax reduction in favour of the children under 21 for each whole year remaining until they reach the age of 21, as well as a tax reduction, in favour of the surviving partner, amounting to half the total amount of the additional reductions to which the common children are entitled. These reductions apply to all net acquisitions, whatever is their amount, and they come on top of the reduction the children are entitled to according to point 2 above.

192 The individual liabilities of each of the assignees are then computed by apportioning the global tax due among the heirs concerned, in proportion to the net share of the inheritance that devolves to each of them.
7. For acquisitions between lineal relatives and partners, an abatement is granted to disabled persons on the basis of the applicable rate (Table I) of the inheritance tax. This abatement, which amounts to 3,000 euro, is to be multiplied by a factor varying from 2 to 18, depending on the age of the assignee. The abatement is first offset against the assignee’s net immovable share and then (if this net immovable share is exhausted) against his net movable share and finally (if this net movable share is exhausted) against the taxable base to which the reduced rate for family businesses and family companies applies (see hereafter). In respect of acquisitions devolving to other persons (Table II), the exemption amounts to 1,000 euro, to be multiplied by the above-mentioned factor. If a disabled person is taxable at the Table II rates together with one or more non-disabled persons, this disabled person’s tax will be calculated as if he/she was the only person to which his/her net inheritance share devolved. The tax to be paid by the other assignees will be calculated as if the disabled person were not disabled.

8. Social rights in residential real estate investment companies (SICAFI/vastgoedbevaks) recognised by the Flemish government in the framework of the financing and constructing of services providing apartment buildings or residential complexes are exempted from the inheritance duty. To be entitled to this exemption, several conditions must be met, which are enumerated in Art. 2.7.6.0.1 of the “Vlaamse Codex Fiscaliteit” and in the relevant implementing orders by the Flemish government.

9. Provided certain conditions are met, assets of family businesses or shares in family companies which are part of an estate, are liable to the 3% rate for an acquisition between lineal relatives and between partners, and to the 7% rate for an acquisition between other persons. Numerous stipulations must be met in order to obtain or maintain this advantage. For further details, reference is made to the “Vlaamse Codex Fiscaliteit”. Those reduced rates do not apply to the acquisition of immovable property essentially used or intended to be used as a dwelling.

10. Under certain circumstances (see “Vlaamse Codex Fiscaliteit”), the value of unbuilt immovable property situated in the VEN (Vlaams Ecologisch Netwerk – Flemish Green Network) and of immovable property (land as well as fixtures) to be considered as woodlands is exempted from the inheritance tax.

11. If, within a year of the death of the deceased, the goods which are previously received through inheritance are transferred anew through death, the inheritance tax on this second transfer is reduced by half.

12. All donations of movable property inter vivos made under a suspensive condition that is met when the donor deceases, are assimilated to legacies and are subject to the inheritance duty and not to the donation tax.
Part II: Indirect taxation

Estate duties

B. Inheritances opened in the Walloon Region

B.1. General tax rates and delimitation of tax rate categories

**TABLE I - Inheritances between lineal relatives, between spouses and between legal cohabitants**

<table>
<thead>
<tr>
<th>Bracket of the net share in euro</th>
<th>Tax rates in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>From 0.01 to 12,500</td>
<td>3</td>
</tr>
<tr>
<td>12,500.01 to 25,000</td>
<td>4</td>
</tr>
<tr>
<td>25,000.01 to 50,000</td>
<td>5</td>
</tr>
<tr>
<td>50,000.01 to 100,000</td>
<td>7</td>
</tr>
<tr>
<td>100,000.01 to 150,000</td>
<td>10</td>
</tr>
<tr>
<td>150,000.01 to 200,000</td>
<td>14</td>
</tr>
<tr>
<td>200,000.01 to 250,000</td>
<td>18</td>
</tr>
<tr>
<td>250,000.01 to 500,000</td>
<td>24</td>
</tr>
<tr>
<td>More than 500,000</td>
<td>30</td>
</tr>
</tbody>
</table>

“Spouses” and “legal cohabitants” are defined as follows:

- the “spouse” is the person who, on the date the inheritance was opened, was married with the deceased, in accordance with the provisions of Book I, Title V of the Civil Code, and the person who, on the date the inheritance was opened, was married with the deceased, in accordance with Chapter III of the law on private international law.

- the “legal cohabitant” is the person who, on the date the inheritance was opened, was domiciled with the deceased and was legally cohabiting with the deceased, in accordance with the provisions of Book III, Title Vbis of the Civil Code, and the person who, on the date the inheritance was opened, was domiciled with the deceased or had his/her habitual residence with the deceased, within the meaning of Article 4 of the law on private international law, and was living together with the deceased in accordance with Chapter IV of the abovementioned law.

The rate between spouses and legal cohabitants is not applicable where the spouses are divorced or legally separated or where the legal cohabitants submitted a declaration of termination of legal cohabitation in accordance with Article 1476 of the Civil Code, and have no common children or descendants.

The net share of the eligible spouse or legal cohabitant in the real estate which had been the main residence of the deceased or his/her spouse or legal cohabitant for at least five years on the date of death, is exempted from inheritance duty and transfer duty upon death. The fact that the dwelling house has been used as main residence by the deceased during the period mentioned is proved, unless evidence to the contrary is provided, by an extract from the population register or the register of aliens.
TABLE II - Inheritances between collateral relatives and between non-relatives

<table>
<thead>
<tr>
<th>Bracket of the net share in euro</th>
<th>Tax rate in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>From Up to (and including)</td>
<td>Between brothers and sisters</td>
</tr>
<tr>
<td>0.01 12,500</td>
<td>20</td>
</tr>
<tr>
<td>12,500.01 25,000</td>
<td>25</td>
</tr>
<tr>
<td>25,000.01 75,000</td>
<td>35</td>
</tr>
<tr>
<td>75,000.01 175,000</td>
<td>50</td>
</tr>
<tr>
<td>more than 175,000</td>
<td>65</td>
</tr>
</tbody>
</table>

(*) In its judgment of 22.06.2005, the Court of Arbitration (now called "Constitutional Court") has invalidated article 1 of the decree of the Walloon Region dated 22.10.2003 insofar as it fixes a tax rate exceeding 80% for the 'more than 175,000 euro' bracket.

B.2. SPECIAL SCHEMES

1. No inheritance duty is due on any inheritance of which the net assets do not exceed 620 euro.

2. The lineal heirs, the surviving spouse or legal cohabitant are each entitled to an exemption of 12,500 euro as regards inheritance duty and transfer duty upon death, which means there is no liability to duties for the first 12,500 euro bracket. Moreover, where the net portion inherited by the beneficiary does not exceed 125,000 euro, this abatement is extended to the second bracket (12,500 euro - 25,000 euro). The abatement is increased, in favour of each of the children under 21, by 2,500 euro for each whole year remaining until they reach the age of 21 (additional abatement) and also, in favour of the surviving spouse or legal cohabitant, by half the total amount of the additional abatements to which the common children are entitled. The total amount of the exemption is imputed preferentially to the successive brackets of the net portion of the immovable property liable to the specific rate for dwellings (see point 5 below), starting with the lowest bracket. The rest, if any, will be set off against the successive brackets of the net portion in other property liable to estate duties, starting with the lowest bracket of the rate actually applicable to abovementioned other property.

3. The brothers and sisters of a minor deceased benefit a deduction of 12,500 euro. If the net share devolved to the beneficiary does not exceed 125,000 euro, this deduction is increased up to the second bracket, between 12,500 euro and 25,000 euro. The total exempted amount is set off against the successive brackets of the net share in the goods subject to estate duties, starting with the lowest bracket of the rate actually applicable to these goods.

4. A reduction in the inheritance duty and in the transfer duty upon death is granted to each heir, legatee or donee of whom, at the opening of the succession, at least three children were alive and under 21.

5. With respect to as well inheritance duty as transfer duty upon death, assets and shares of certain businesses or companies which are part of inheritances are charged at a rate of 0% or 3% (the latest rate applies to acquisitions of building lands with an area exceeding 150 hectares), provided certain conditions are met. In order to obtain this advantage and to maintain it, several conditions must be met, which are enumerated in art. 60bis of the Estate Duty Code, applicable in the Walloon Region. This rate does not apply to conveyances of rights in rem related to immovable property used wholly or partly as a dwelling at the time of the decease.

The Tax Survey should not be considered as an administrative circular, no rights can be founded on it. January 2018 issue.
6. Where inheritances between lineal relatives include at least a part in full ownership of the real property having been the testator’s main residence for at least five years before his death, the inheritance duty on the net value of that part is levied according to the rates of Table III hereafter, after deduction, as appropriate, of the value relating to the professional share of the real property entitling to the application of the rate of 0% or 3%, as mentioned in point 5 above, under certain circumstances (see art. 60ter of the Estate Duty Code applicable in the Walloon Region). The fact that the dwelling house has been used as main residence by the deceased during the period mentioned is proved, unless evidence to the contrary is provided, by an extract from the population register or the register of aliens.

### TABLE III - Inheritances of dwellings between lineal relatives (preferential rate)

<table>
<thead>
<tr>
<th>Bracket of the net share (euro)</th>
<th>Lineal heir, donee, legatee</th>
<th>Rate in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>From 0.01 up to (and including) 25,000.00</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>25,000.01 up to 50,000.00</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>50,000.01 up to 160,000.00</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>160,000.01 up to 175,000.00</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>175,000.01 up to 250,000.00</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>250,000.01 up to 500,000.00</td>
<td>24</td>
<td></td>
</tr>
<tr>
<td>more than 500,000.00</td>
<td>30</td>
<td></td>
</tr>
</tbody>
</table>

In order to determine the progressive inheritance duty applying to the inheritance of other property, the tax base of the inheritance entitled to this preferential rate is added to the remainder of the heir’s share in the other property (see art. 66ter of the Estate Duty Code applicable in the Walloon Region).

7. If, within a year of the death of the deceased, the goods which are previously received through inheritance, are transferred anew through death, the inheritance duty or the transfer duty upon death on this second transfer is reduced by half.

8. In the Walloon Region, are exempted from inheritance duty and transfer duty upon death, under certain conditions:
   - the value of growing trees in woodlands and forests;
   - the value of stocks and shares of forestry groups, inasmuch as this value relates to growing trees in woodlands and forests;
   - the value of real estate located within the perimeter of a Natura 2000 site or within the perimeter of a candidate site for the Natura 2000 network. In the latter case, the duties, after having been reduced, are fully chargeable again where, within a certain period of time, the site has finally not been taken into consideration for the Natura 2000 network (cf. articles 55bis and 56bis of the Estate Duty Code applicable to the Walloon Region).

9. Provided some conditions are met and with a limit amounting to 250,000 euro, an exemption from inheritance duty and transfer duty upon death is granted for the share inherited by a lineal heir or between spouses or between legal cohabitants, as defined above, by the brothers and sisters of the deceased or by the children of those brothers and sisters, in all cases provided they are entitled by law to inherit from a victim deceased as a result of an exceptional act of violence.
Part II : Indirect taxation

C. Inheritances opened in the Brussels-Capital Region

C.1. General tax rates and delimitation of tax rate categories

**TABLE I - Inheritances between lineal relatives and between partners**

<table>
<thead>
<tr>
<th>Tax brackets in euro</th>
<th>Tax rate in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>From Up to (and including)</td>
<td>Upon lineal relatives and between partners</td>
</tr>
<tr>
<td>0.01 Up to 50,000</td>
<td>3</td>
</tr>
<tr>
<td>50,001 Up to 100,000</td>
<td>8</td>
</tr>
<tr>
<td>100,001 Up to 175,000</td>
<td>9</td>
</tr>
<tr>
<td>175,001 Up to 250,000</td>
<td>18</td>
</tr>
<tr>
<td>250,001 Up to 500,000</td>
<td>24</td>
</tr>
<tr>
<td>More than 500,000</td>
<td>30</td>
</tr>
</tbody>
</table>

The net share of the eligible partner in the real estate being the family dwelling house at the time of death, is exempted from inheritance duty and from transfer duty upon death. This exemption does apply neither to the legal cohabiting partner who is a lineal relative of the deceased or assimilated to a lineal relative, nor to the cohabiting assignee who is a brother or sister, a nephew or niece, an uncle or aunt of the deceased.

A “partner” is a person who was married with the deceased on the day the inheritance was opened or a person being, on that moment, in a situation of legal cohabitation with the deceased, as defined in Book III, Title Vbis of the Civil Code.

For the application of the tax rate between lineal relatives, are assimilated to a descendant of the deceased:

1. his/her partner’s child;
2. a predeceased partner’s child provided that the partnership still existed at the time of death;
3. a person who is not a deceased’s descendant but who, at the time of death, has cohabited with the deceased for at least one year without interruption and has principally received during this period from:
   - the deceased
   - the deceased’s partner
   - the deceased and his/her partner
   - the deceased and other persons
   - the deceased’s partner and other persons

   assistance and care which are usually provided to children by their parents.

The registration of the person in question in the population register or in the register of aliens at the deceased’s address presumes, unless evidence to the contrary is provided, the cohabitation with the deceased.

The rate of the duty between partners does not apply, as appropriate, where the spouses are divorced or legally separated or where the legal cohabitation ceased to exist, unless the partners have common children or descendants.
Part II: Indirect taxation

Estate duties

TABLE II - Inheritances between brothers and sisters

<table>
<thead>
<tr>
<th>Tax brackets in euro</th>
<th>Tax rate in % between brothers and sisters</th>
</tr>
</thead>
<tbody>
<tr>
<td>From</td>
<td>Up to (and including)</td>
</tr>
<tr>
<td>0.01</td>
<td>12,500</td>
</tr>
<tr>
<td>12,500.01</td>
<td>25,000</td>
</tr>
<tr>
<td>25,000.01</td>
<td>50,000</td>
</tr>
<tr>
<td>50,000.01</td>
<td>100,000</td>
</tr>
<tr>
<td>100,000.01</td>
<td>175,000</td>
</tr>
<tr>
<td>175,000.01</td>
<td>250,000</td>
</tr>
<tr>
<td>more than 175,000</td>
<td>250,000</td>
</tr>
</tbody>
</table>

TABLE III - Inheritances between uncles or aunts and nephews or nieces

<table>
<thead>
<tr>
<th>Tax brackets in euro</th>
<th>Tax rates in % between uncles or aunts and nephews or nieces</th>
</tr>
</thead>
<tbody>
<tr>
<td>From</td>
<td>Up to (and including)</td>
</tr>
<tr>
<td>0.01</td>
<td>50,000</td>
</tr>
<tr>
<td>50,000.01</td>
<td>100,000</td>
</tr>
<tr>
<td>100,000.01</td>
<td>175,000</td>
</tr>
<tr>
<td>more than 175,000</td>
<td>175,000</td>
</tr>
</tbody>
</table>

TABLE IV - Inheritances between any other persons

<table>
<thead>
<tr>
<th>Tax brackets in euro</th>
<th>Tax rate in % between any other persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>From</td>
<td>Up to (and including)</td>
</tr>
<tr>
<td>0.01</td>
<td>50,000</td>
</tr>
<tr>
<td>50,000.01</td>
<td>75,000</td>
</tr>
<tr>
<td>75,000.01</td>
<td>175,000</td>
</tr>
<tr>
<td>more than 175,000</td>
<td>175,000</td>
</tr>
</tbody>
</table>

In respect of inheritances between lineal heirs, between partners and between brothers and sisters, the rates of Table I and Table II apply to the share of each assignee in the taxable value of the assets. In respect of the other inheritances, the rates of Table III and Table IV apply to the aggregate shares of the assignees in the taxable value of the assets.

C.2. SPECIAL SCHEMES

1. No inheritance duty or transfer duty upon death is due on any inheritance of which the net amount do not exceed 1,250 euro.

2. With respect to the inheritance duty and the transfer duty upon death, the lineal heirs and the surviving partner are entitled to an exemption of 15,000 euro, which means there is no liability to estate duties for the first 15,000 euro bracket. The abatement is increased, in favour of each of the children under 21, by 2,500 euro for each whole year remaining until they reach the age of 21 (additional abatement) and also, in favour of the surviving partner, by half the total amount of the additional abatements to which the common children are entitled.

3. A reduction in the inheritance duty and in the transfer duty upon death is granted to each heir, legatee or donee of whom, at the opening of the succession, at least three children were alive and under 21.
4. With respect to as well inheritance duty as transfer duty upon death, assets and shares of certain family enterprises or companies which are part of inheritances are charged at a 3% rate for acquisitions between lineal relatives and between partners and at a 7% rate for acquisitions between other persons. In order to obtain and to maintain this advantage, several conditions must be met, which are enumerated in art. 60bis to 60bis/3 of the Estate Duty Code, applicable in the Brussels-Capital Region. The tax base of the inheritance to be taken into consideration for this reduction is added to the rest of the share received in order to determine the progressive inheritance duty for the estate (cf. Estate Duty Code, art. 66ter, applicable in the Brussels-Capital Region).

5. Where the share inherited by the partner or by a lineal heir exceeds 250,000 euro and consists wholly or partially of assets professionally invested by the deceased or the partner in an industrial, commercial, craft or farm business, personally operated by them or jointly by them and one or several descendants, those assets are, provided certain conditions are met, where the share exceeds 250,000 euro, subject to estate duties at a 22% rate (instead of 24%) between 250,000 euro and 500,000 euro and at a 25% rate (instead of 30%) for more than 500,000 euro (cf. Estate Duty Code, Art. 48/2, applicable in the Brussels-Capital Region).

6. Where an inheritance devolving to lineal heirs or cohabitants not entitled to the exemption for the family dwelling house, holds unrestricted ownership of at least a part of the dwelling the testator had been using as his main residence for at least five years before his decease, the net value of that part is, under certain conditions (see art. 60ter of the Estate Duty Code applicable in the Brussels-Capital Region), liable to the inheritance duty according to the Table I rates, with the following adjustments:

- 0.01 euro to 50,000 euro bracket: 2% instead of 3%
- 50,000 euro to 100,000 euro bracket: 5.3% instead of 8%
- 100,000 euro to 175,000 euro bracket: 6% instead of 9%
- 175,000 euro to 250,000 euro bracket: 12% instead of 18%

In order to determine the progressive inheritance duty applying to the inheritance, the tax base of the inheritance entitled to this tax relief is added to the remainder of the heir’s share (see art. 66 of the Estate Duty Code applicable in the Brussels-Capital Region).

7. If, within a year of the death of the deceased, the goods which are received through inheritance are transferred anew through death, the inheritance duty or the transfer duty upon death on this second transfer is reduced by half.

3.2. The annual compensatory tax for estate duties

This tax is also called “tax on non-profit organisation” (NPO).

The compensatory tax for estate duties is levied annually on the total assets which non-profit making companies and private foundations own in Belgium.

The rate of the tax is 0.17%.

The tax is not payable if the value of the taxable assets does not exceed 25,000 euro.
3.3. The annual tax on undertakings for collective investment and insurance companies

As far as this tax is concerned, the (non-official) term “subscription tax” is sometimes also used. However, this terminology is not clear. According to the context, the term “subscription tax” is also used for other taxes and contributions, such as notably the annual tax on credit institutions dealt with in point 4.8. of Part II of this Tax Survey. As a result, according to the context, the designation “subscription tax” can refer to different taxes and contributions.

Investment institutions and companies for the management of investment institutions, undertakings for collective investment under foreign law, as well as insurance companies paying certain dividends, granting income or involved in certain insurance activities as defined in Art. 161 of the Estate Duty Code, are subject to this tax.

The tax is due on the net amount outstanding (investment companies, etc.), on the mathematical and technical reserves related to life insurance and insurance in respect of investment funds (insurance enterprises) and on a part of the share capital (insurance enterprises having taken the form of cooperative companies recognised by the National Cooperation Council) (Art. 161bis of the Estate Duty Code).

The tax rate is 0.0925%.

It is only inasmuch as a Belgian or foreign investment company has attracted capital from institutional and professional investors that the rate is reduced to 0.01% (Art. 161ter of the Estate Duty Code).
CHAPTER FOUR
MISCELLANEOUS DUTIES AND TAXES

What is new?
- As from 8 January 2018: increase in the rates of the tax on stock-exchange transactions.
- As from 10 March 2018: entry into force of the tax on securities accounts.

These duties and taxes are laid down and regulated by the Code of miscellaneous duties and taxes (CMDT) and by the decrees issued for its implementation.

4.1. Duties on written documents

A duty is levied, according to the tariffs mentioned below, on the following deeds and written documents, as far as they are drawn up in Belgium:

4.1.1. Deeds drawn up by notaries

There are three tariffs (art. 3 to 5 CMDT):

* 50 euro: standard tariff;
* 95 euro: for deeds drawn up for companies which are legal persons;
* 7.50 euro: for death certificates, deeds relating to the matrimonial property system or the property system for legal cohabitants, inheritances, donations inter vivos, wills and gifts, divorce and paternity and legal recognition.

4.1.2. Deeds drawn up by bailiffs

There are two tariffs (art. 6 to 7 CMDT):

* 50 euro: for records relating to public sales of tangible movable assets;
* 7.50 euro: for records relating to public sales of tangible movable assets resulting from an enforced debt redemption.

4.1.3. Written bank documents

A duty of 0.15 euro is levied on some written bank documents (art. 8 CMDT):

For instance, on some loan or credit facility agreements, agreements regarding a commitment, acknowledgment or guarantee in favour of bankers (art. 8, 1°, CMDT), security remittance or deposit receipts, some statements of account, receipts relating to securities placed in safe custody so that the scripholder can attend a shareholders’ or a bondholders’ meeting, etc. (art. 8, 2° to 4°, CMDT).

4.1.4. Other written documents

For some written documents delivered by the recorders of mortgages on real estate, the duty amounts to 2 euro (art. 10 CMDT).

4.1.5. Application rules

When the same deeds, by virtue of articles 3 to 7, are subject to different tariffs, only the highest shall be paid.
Part II: Indirect taxation

The deeds and written documents priced by articles 3 to 7, 8, 1° and 10 are subject to duty as and when they are drawn up and signed by the person or one of the persons who deliver them. The deeds and written documents priced by articles 8, 2° to 4° are subject to duty as and when they are drawn up by the persons who deliver them (Art. 11 CMDT).

In principle, the duty is to be paid at the latest the fifth working day following the date on which the duty is due. With respect to written bank documents, bankers and persons assimilated thereto can make use of periodical declaration per calendar quarter. These declarations must be filed within the month of expiry of a quarter and the duties must be paid within the same time limit. A similar method can be applied by notaries, bailiffs, administrations, public bodies or any other person, for deeds drawn up by notaries, by bailiffs and for other written documents.

4.1.6. Exemptions

A whole series of exemptions are provided, notably for deeds and written documents concerning the execution of tax laws, laws relating to town and country planning, the creation of the Crossroads Bank for Enterprises, the total or partial discharge of mortgage taken out in Belgium, etc. (art. 21 CMDT).

4.2. Tax on stock-exchange and carry-forward transactions

4.2.1. Tax on stock-exchange transactions

The following are liable to the tax (Art. 120 of the CMDT):

1° any purchase and any sale of public securities carried out or concluded in Belgium;

2° any repurchase by an open-end investment company of its own shares, if this transaction relates to capitalisation shares (this also applies in the case of conversions in capitalisation shares, since conversions consist of, on the one side, a purchase and, on the other side, the issue of new securities).

Those transactions are also considered as having been made in Belgium where the order has been given to an intermediary established abroad by a natural person having his habitual residence in Belgium or by a legal person acting on behalf of a seat or its establishment in Belgium.

There are various exemptions (Art. 126° CMDT) for:

- transactions in which no professional intermediary intervenes or contracts either on behalf of one of the parties or on his own behalf;
- transactions made on their own behalf by financial intermediaries, insurance companies, institutions for occupational retirement provision, undertakings for collective investment, regulated real estate companies and non-residents;
- transactions concerning the participation rights of an institutional undertaking for collective investment only for institutional or professional investors, or the participation rights of institutional regulated real estate companies;
- transactions concerning treasury bonds or linear bonds issued by the Belgian State or concerning treasury bonds or linear bonds similar to Belgian linear bonds, issued by a Member State of the European Economic Area;
- transactions concerning short term treasury bonds issued by the National Bank of Belgium;
transactions which, in order to promote liquidity of shares, result from prior decision of the general meeting of an issuer, as provided for in Article 620, § 1, 1°, of the Corporation Code, and which have been carried out on behalf of the issue listed on a regulated market, as referred to in Article 2, 5°, of the law of 2 August 2002 on financial sector supervision and financial services, by an intermediary referred to in Article 2, 9° and 10°, of the law of 2 August 2002 on financial sector supervision and financial services, with whom the issuer concluded an agreement to provide liquidity;

and for a certain number of other transactions.

The applicable tax base is (Art. 123 CMDT):

- for purchases or acquisitions: the amount to be paid by the purchaser, excluding the brokerage of the intermediary;
- for sales or transfers: the amount to be received by the seller or the transferor, including the brokerage of the intermediary;
- for repurchases by an investment company of its own capitalisation shares: the net inventory value of the shares, without deduction of the flat-rate compensation;
- for repurchases of capitalisation shares by collective investment undertakings with European authorisation and by collective investment undertakings established outside the European Community: the inventory value of the shares, without deduction of the flat rate compensation, but minus the withheld withholding tax on income from movable property.

The tax is levied both on the sale and on the purchase. In the case of a repurchase by an investment company of its own capitalisation shares, the tax is due solely in respect of the transfer of the shares to the investment company (Art. 122 CMDT).

The rates are as follows (Art. 121 CMDT):

a. 0.35%: normal rate (rate applicable as from 8 January 2018; on 1 January 2018, the rate amounted to 0.27%);

b. 0.12%: notably for securities of the public debt of the Belgian State or foreign States; loans issued by the Communities, the Regions, the provinces and the municipalities (both national and foreign); company bonds; shares issued by a collective investment undertaking; shares issued by a regulated real estate company, etc. (rate applicable as from 8 January 2018; on 1 January 2018, the rate amounted to 0.09%).

However, the rate is 1.32% for all sales and purchases of capitalisation shares of an investment company and for the repurchase by an investment company of its own capitalisation shares (see 2° above).

Per transaction, the amount of the tax may not exceed 1,300 euro for transactions to which the rate of 0.12% applies (rate applicable as from 8 January 2018), 1,600 euro for transactions to which the rate of 0.35% applies (rate applicable as from 8 January 2018) and 4,000 euro for transactions concerning capitalisation shares (Art. 124 CMDT).

In principle, the tax is to be paid by the professional intermediary. However, where this intermediary is established abroad, the tax is to be paid by the ordering party, unless this party can prove that the tax has already been paid (Art. 126 2, CMDT). Provided certain conditions are met, the professional intermediary established abroad may possibly get authorisation for a responsible representative established in Belgium (Art. 126 3, CMDT).

In principle, the tax is to be paid at the latest the last working day of the month following the month during which the transaction has been carried out. However, where the tax is to be paid by the ordering party, the tax must be paid at the latest on the last working day of the second month following the month during which the transaction has been carried out (Art. 125, §1, CMDT).
4.2.2. Taxes on carry-forward

This tax is levied on carry-forward transactions on public securities, in which a professional intermediary for stock market transactions intervenes on behalf of a third party or on his own behalf (Art. 138 CMDT).

The rate amounts to **0.085%** (Art. 138 CMDT).

The tax is payable by both parties. It is not due, however, by financial intermediaries, insurance companies, institutions for occupational retirement provision, undertakings for collective investments and non-residents (Art. 139 CMDT).

Exemptions are provided for transactions concerning treasury bonds or linear bonds issued by the Belgian State, or concerning treasury bonds or linear bonds similar to Belgian linear bonds, issued by a Member State of the European Economic Area, concerning treasury bills or deposit certificates issued pursuant to the law of July 22, 1991, concerning short term treasury bonds issued by the National Bank of Belgium and concerning cession-retrocession of securities (Art. 139bis CMDT).

With respect to the payment of this tax, the legislation in force is the one applicable to the tax on stock-exchange transactions (Art. 143 CMDT).

4.3. Annual tax on insurance transactions

This tax is levied on insurance contracts when the risk is located in Belgium (Art. 173 CMDT).

The risk of the insurance transaction is located in Belgium when one of the following conditions is fulfilled:

- the policyholder has his habitual residence in Belgium;
- if the policyholder is a legal person: the contract relates to the establishment of the legal person situated in Belgium;
- the contract relates to immovable or certain movable property situated in Belgium;
- the contract relates to vehicles of any type registered in Belgium;
- the insurance policy relating to the risks incurred when travelling or being on holiday, is issued in Belgium for maximum four months.

Various contracts are exempted from this tax, **notably** (Art. 1762 CMDT):

- credit insurance contracts against commercial risks and/or country risks;
- contracts for reinsurance;
- certain insurances in the context of social security;
- certain healthcare insurances offering a high level of protection;
- insurances against risks incurred abroad;
- insurances in the context of pension savings schemes;
- insurances in the context of the supplementary pension for the self-employed;
- the conversion of a life insurance payment into an annuity;
- hull insurances for sea-going vessels and inland vessels;
- certain insurances for aeroplanes;
- all other insurance policies related to seagoing and inland navigation (except those subject to the 1.4% charge; see further);
compulsory liability insurance policies related to motor vehicles and property damage insurance policies related to motor vehicles or compound vehicles used exclusively for the transportation of goods by road and having a maximum allowable mass (MAM) of not less than 12 tons;

some legal expenses insurance contracts, etc.

The tax base is the amount of the premiums, employers' and employees' contributions, plus the charges, to be paid in the course of the tax year either by the policyholders or by the affiliated members and their employers (Art. 176\textsuperscript{1} CMDT).

There are five rates (Art. 175\textsuperscript{1} to 175\textsuperscript{3} CMDT):

- **9.25\%** normal rate;
- **4.40\%** rate i.a. for life insurances (not taken out individually), death insurance, life annuities and temporary annuities, certain collective additional undertakings for disability and liabilities contracted by pension funds (provided every employee has an "equal right" to be in the scheme, see Art. 175\textsuperscript{1} CMDT);
- **2.00\%** rate for life insurance transactions, even in respect of investment funds, and life annuities or temporary annuities built up by natural persons, except if the 1.10\%-rate applies;
- **1.40\%** rate for insurance policies related to seagoing and inland navigation, related to the risk of transportation of goods by air or overland, related to liability insurance policies for motor vehicles and to property damage insurance policies in respect of taxis, buses, coaches and vehicles intended for the carriage of goods where the maximum allowable mass exceeds 3.5 tons but is less than 12 tons;
- **1.10\%** rate for transactions related to temporary death insurances with decreasing capital, used for securing a mortgage loan raised to acquire or maintain real estate, where taken out by natural persons (the so-called "outstanding balance insurances"), and for insurances fulfilling the criteria and conditions specified in the law of 26 December 2013 relating to various provisions as regards thematic citizens lending.

Depending on the cases, the tax is to be paid by (Art. 177 CMDT):

1° the insurance company, the pension institution, etc.,

2° agents and other intermediaries residing in Belgium for insurance contracts subscribed with insurers not established in Belgium and carrying out insurance transactions for which the risk is located in Belgium, and insurance companies that are not established in Belgium, have no representative in Belgium and carry out insurance operations for which the risk is located in Belgium, without hiring intermediaries residing in Belgium, or

3° policyholders themselves.

In the first two cases, the tax is to be paid at the latest the 20\textsuperscript{th} day of the month following the month during which the premium or the contribution fell due. A deposit is to be paid on 15 December at the latest on the tax due in January of the following year. The amount of the deposit is based on the amount due the previous November (Art. 179\textsuperscript{1} CMDT). In the third case, the tax is to be paid within the three months as from the due date of the premium (Art. 179\textsuperscript{2} CMDT).
4.4. Annual tax on profit-sharing schemes

Sums divided up by way of profit sharing are liable to this tax (Art. 183bis CMDT) when they are related to life insurance contracts, to life annuities or temporary annuities or to additional pensions built up, by any means but through a life insurance, with an insurer operating in Belgium.

The rate of the tax is 9.25% (Art. 183ter CMDT).

The tax is calculated on the total amount of the sums distributed on profit sharing for the tax year (Art. 183quater CMDT).

Profit sharing schemes relating to savings insurances in connection with the pension savings scheme and concerning insurance contracts for which the policyholder has not been entitled to a tax rebate (or, in the former system, to an exemption, an abatement or a deduction in respect of income taxes) are exempted from the tax under certain conditions (Art. 183quinquies CMDT).

The tax is to be paid within the three months as from the date of the decision relating to profit-sharing distribution (Art. 183octies CMDT).

4.5. Tax on long-term savings

The tax on long-term savings is levied on (Art. 184 CMDT): 

- individual life insurances (ordinary insurances and savings insurances) for which the policyholder has been entitled to a tax rebate (or, in the former tax system, to an exemption, an abatement or a deduction in respect of income taxes);
- collective and individual savings accounts for which the holder has been entitled to a tax rebate (or, in the former tax system, to an exemption, an abatement or a deduction in respect of income taxes).

No tax is levied on insurance contracts providing for advantages exclusively in case of death and life insurances whose aim is to secure the repayment or the reinstatement of a mortgage loan (Art. 1872 CMDT).

The tax is levied (Art. 184 and 186 CMDT), as the case may be, on the theoretical surrender value, the pensions, annuities, capital amounts or surrender value (life insurances) or the savings balance (savings accounts) as they have been determined on the following anniversary dates:

1. for contracts concluded or accounts opened before the age of 55: the 60th anniversary of the policyholder or of the account holder;
2. for contracts concluded as from the age of 55 years or accounts opened as from the same age: the 10th anniversary of the conclusion of the contract or the opening of the account, unless a surrender value or a savings balance is paid or granted before that date. In this latter case the tax is levied on the day of the payment or the granting.

There are three rates (Art. 185 CMDT):

- **10%** standard rate;
- **8%** for the theoretical surrender value of savings insurance contracts under pension savings schemes and for savings placed in savings accounts under pension savings schemes;
- **33%** on certain conditions for early payments or the early granting of savings balances or surrender values.
Part II: Indirect taxation

The tax is to be paid at the latest the last working day of the month following the month during which the chargeable event for tax occurred (Art. 187\(^3\) CMDT).

During the years 2015 to 2019, the 8\% tax will be collected in advance. During a five-year period, 1\% will be collected each year up to a total percentage of 5\% of the reserves built up until 31 December 2014. The amount collected in advance will be deducted from the tax due on the date for payment of this tax. The amount collected in advance is to be paid on 30 September of each of the years 2015 to 2019.

4.6. Bill-posting tax

This tax is levied on all placards posted in the view of the public, when their surface area exceeds 1m\(^2\), as well as on illuminated signs, etc (art. 188 and following CMDT).

A whole series of exemptions are provided, notably relating to signs and certain bills in pursuance of the law or a judicial ruling, notices put up by public authorities and certain public establishments, certain notices relating to worship, notices relating to elections, etc (art.194 and 198 CMDT).

The tax amounts to 0.50 euro per m\(^2\) or fraction of a m\(^2\). The amount of the tax levied on bills which are printed out on a plain paper and sticked up on billboards, without any protection, does not exceed 5 euro (art. 190 CMDT).

With respect to illuminated signs (and the like), there is an annual tax of five times the abovementioned amounts (art. 191 CMDT).

The tax is to be paid before bill-posting (Art. 195 CMDT). The annual tax must be paid in principle at the latest on 31 January of the year following the expired year (the year expires on 31 December) (see Art. 197 CMDT, also for particular cases).

4.7. Annual tax on credit institutions

Are liable to the tax (Art. 201\(^{10}\) CMDT):

a) credit institutions under Belgian law;

b) credit institutions established in another Member State of the European Economic Area and having a branch in Belgium;

c) credit institutions established in a third country and having a branch in Belgium.

The tax is to be paid by these credit institutions on the average amount of customer deposits for the year preceding the taxation year (Art. 201\(^{11}\) CMDT).

The tax rate amounts to 0.13231\% (Art. 201\(^{12}\) CMDT).

The tax is due on 1 January of each year and is to be paid at the latest on 1 July of the same year (Art. 201\(^{13}\) CMDT).
Part II: Indirect taxation

Miscellaneous duties and taxes

4.8. Tax on securities accounts

The tax on securities accounts came into force on 10 March 2018. It is levied on:
- securities accounts held with a Belgian intermediary;
- securities accounts held with a foreign intermediary inasmuch as the holder is a resident in Belgium (Art. 151 and 152, 1°, a), CMDT).

The calculation of the tax base is based on four (or more) benchmarks; for each of them, the value of the taxable financial instruments is measured; the values are then added and the result is divided by the number of benchmarks (Art. 154 CMDT). The tax must only be paid where the average total value of all securities accounts is equal to or exceeds 500,000 euro (Art. 151, paragraph 2, CMDT). If a securities account is held by several holders, their part is assumed to be proportional (Art. 152, 5°, CMDT).

If the securities account held with a Belgian intermediary exceeds the maximum amount, the tax is automatically levied by the intermediary. This is also the case if the securities account does not exceed the maximum amount but the holder moved to an opt-in, seeing that he is still holding other securities accounts, so that, considering all securities accounts, the maximum amount has been exceeded (Art. 157 CMDT).

The rate amounts to 0.15%.

If the amount paid exceeds the tax to be paid or if the part assumed does not correspond to the actual part, a refund can be requested (Art. 158/5 CMDT).
CHAPTER FIVE
CUSTOMS PROCEDURES UPON IMPORTATION, EXPORTATION AND TRANSIT

These procedures are mainly based on the Union Customs Code, the Delegated Regulation, the Implementing Regulation and the Delegated Regulation as regards transitional rules.

5.1. Import duties

Upon the importation of goods from countries outside the Union, “import duties” are levied according to a scale which has been harmonised on Union level. These “import duties” consist of:

- customs duties and charges having an effect equivalent to customs duties payable on the importation of goods,
- import charges introduced under the common agricultural policy or under the specific arrangements applicable to certain goods resulting from the processing of agricultural products.

Most of these duties are levied for the sole benefit of the Union. The Member States receive a percentage thereof as “operating costs”.

5.1.1. Determining the value - Tax base of import duties

The value forming the basis for customs duties levied on goods released for free circulation, must comply with some well-defined requirements laid down in Articles 69 to 76 inclusive of the Union Customs Code (Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013).

These articles implement, for the Member States of the EU, the agreement on customs valuation resulting from the 1973-1979 multilateral trade negotiations in connection with the “General Agreement on Tariffs and Trade” (GATT). The said articles rest on the principle that the basis for the determination of the customs value of the goods must be, as much as possible, the transaction value, i.e. the price actually paid or payable for these goods, provided this price complies with certain conditions.

Failing such a transaction value or if the latter does not satisfy all the conditions required to be taken into consideration, other valuation methods must be applied, following a well-defined order.

The tax base for the calculation of import duties is generally the customs value. In some very specific cases, the calculation is based on the quantity, the weight, etc. of the goods (specific duties).

Note:

*The tax base of national taxes upon importation (VAT, excise duties, etc.) is calculated on the basis of the customs value, increased by additional charges (transport, insurance, etc.) up to the place of destination.*
Part II: Indirect taxation

Customs procedures upon importation, exportation and transit

5.1.2. Tariff of import duties

The tariff of import duties is based on the nature of the goods and on the country of origin from which they have been imported. Based on the nomenclature of the Harmonised System, the Union tariff determines the tariff applicable for each category of goods. Moreover, under international agreements or for economic reasons, a series of exemptions, suspensions, reduced tariffs (which may or may not be linked to quotas) etc. applies. All these possibilities are listed, with the related legal provisions, in the “Tarif d’usage partie imprimée” / “Gebruikstarief Boekwerk” (Applied Tariff – printed version) issued by the administration and on the TARWEB website of the Belgian customs administration (http://tarweb.minfin.fgov.be - only available in French and Dutch).

5.2. Customs procedures and AEO

5.2.1. General

A. Temporary storage

Goods brought into the customs territory of the Union are, from that moment on, subject to customs supervision and shall be presented to customs immediately upon their arrival at the designated customs office or any other place designated or approved by the customs authorities.

Non-Union goods shall be in temporary storage from the moment they are presented to customs and they shall be stored only in temporary storage facilities or, where justified, in other places designated or approved by the customs authorities.

The temporary storage is no customs procedure. Non-Union goods in temporary storage shall be placed under a customs procedure or re-exported within 90 days.

B. Customs procedures

The goods must be placed under one of the following customs procedures:
- release for free circulation;
- special procedures;
- exportation.

C. Special procedures

The term "special procedure" is understood to mean:

a) transit, which shall comprise external and internal transit;
b) storage, which shall comprise customs warehousing and free zones;
c) specific use, which shall comprise temporary admission and end-use;
d) processing, which shall comprise inward and outward processing.
5.2.2. The Single Document

The placing of the goods under a customs procedure is effected, as a rule, under cover of the “Single Document” form. The Single Document has been designed to cover all movements of goods, i.e. exportation, transit and importation.

The Single Document was modified by the Commission Regulation (EC) No 2286/2003 of December 18th, 2003, amending the applicable Community Code (Official Journal L 343 of December 31st, 2003). The new Single Document explanatory note, included in this Regulation, is applicable since:

- January 1st, 2007, for paper returns;
- February 4th, 2008, for returns sent online via the so-called “Paperless douanes et accises” (PLDA, i.e. Paperless Customs and Excise Duties) program (compulsory for exportation, but for importation only compulsory for customs officials).


In order to reduce administrative burdens principally borne by economic operators, EORI (Economic Operator’s Registration and Identification) has been introduced: only one customs registration for a company is now necessary in the whole European Union.

The EORI number has been created for this purpose: a Union single number used for the registration and the identification of economic operators and other persons in their relations with the customs authorities, and which must be mentioned in the Single Document.

The provisions as regards EORI apply to all movements of goods, notably exportation, transit and importation.

Further information is available on the website of the Customs and Excise Duties Department:

https://finances.belgium.be/fr/douanes_accises/entreprises/douane/document-unique (Single Document) and

According to the kind of movement, different copies of a full set are used (eight copies, copies A or B for the Customs Data Processing Centre, copy C for the placing in a customs warehouse, copy R for the granting of agricultural refunds). PLDA computerised this procedure for people having to use PLDA or using PLDA voluntarily, so that some copies are no longer used.

Some of the boxes are self-copying, so the information needed is provided to all the Member States concerned in one go. That’s one of the reasons why most data on the document have to be encoded.
Part II: Indirect taxation

The Single Document is not used if certain documents are employed especially:
- the TIR carnet (transit);
- the ATA carnet (temporary admission);
- the declaration 136F (diplomatic exemptions).

Where certain conditions are met, customs authorities may grant permission for the use of simplified procedures in order to accelerate customs treatment. Examples of simplified procedures are:
- simplified declaration;
- lodging of declaration prior to presentation of goods;
- periodic aggregation;
- centralised clearance;
- entry in the declarant’s records;
- self-assessment.

5.2.3. Clearance office

The declaration is made at an office at frontier of the EU, in a seaport, at an airport, or at an office within the country, during the opening hours of this office and provided it is competent for this purpose. Customs offices within the country include also the offices which are maintained at the internal frontiers. Upon declaration at an office within the country, the goods, as soon as they enter the EU, are taken to this office under cover of a document.

The duties upon importation, the excise duties, the special excise duties and the VAT (provided no deferment of payment of the VAT is granted by the AGFisc/AAFisc (General Tax Administration)) shall, as a rule, be paid at the (customs) office of importation when the declaration for release for free circulation and/or for consumption is validated.

Excise products may however be released by the customs authorities under a duty-suspension arrangement with a view to their placing in a fiscal warehouse.

After obtaining authorisation from the Customs and Excise Administration and paying a deposit, the declarant can be granted a deferred payment for the said duties (not to be confused with the deferred payment of the VAT for which an authorisation is granted by the AGFisc/AAFisc, and for which a prior payment must be made by the applicant).

5.2.4. Declaration for release for free circulation and for consumption

A. Principles

Declaring goods for free circulation is a deed that confers on non-Union goods the customs status of Union goods, through the payment of contingent duties upon importation and the application of the commercial policy measures applying on importations in the European Union.

Declaring goods for consumption means that, in addition, all national taxes and duties, such as VAT and excise duties, are paid and that the national provisions in respect of importations are complied with.
Where goods from third countries are intended for the Belgian market, they are usually declared simultaneously for free circulation and for consumption. On the other hand, Union goods are not subject to customs formalities in respect of intra-Union circulation; these movements are subject to the VAT regulations as intra-Union supplies.

However, in respect of intra-Union acquisitions of certain means of transport, customs formalities still have to be gone through, the customs authorities acting in these cases on behalf of the AGFisc/AAFisc.

When goods declared for free circulation in Belgium are intended for another Member State, exemption of VAT may be granted in Belgium; the supply of goods is then deemed to be an intra-Union supply. If the exportation to the other Member State they are intended for is not to take place immediately after the declaration for free circulation, the goods have to be stored under a VAT warehousing arrangement in Belgium.

Excise goods to be sent to another Member State after their declaration for free circulation have to be stored in Belgium under a fiscal warehousing arrangement.

B. Final exemption

In about thirty cases, no import duties and possibly no other taxes are to be paid upon importation. For private citizens, this system applies to certain personal goods (in the case of removals, marriage, inheritance, etc.), to the personal luggage of travellers (within certain limits), etc. For the goods traffic this relates, for example, to educational, scientific or cultural goods, to equipment imported on the occasion of a transfer of activities to the European Union, to goods which are intended for charitable institutions, etc.

The following goods, which are not of a commercial nature and are carried in the personal luggage of travellers, may be imported free of charge:
1) TRAVELLERS FROM NON-EU MEMBER STATES (1)

<table>
<thead>
<tr>
<th>Tobacco products (2)</th>
<th>200 pieces (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>cigarettes</td>
<td></td>
</tr>
<tr>
<td>or cigarillos</td>
<td>100 pieces (3)</td>
</tr>
<tr>
<td>or cigars</td>
<td>50 pieces (3)</td>
</tr>
<tr>
<td>or smoking tobacco</td>
<td>250 grams (3)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Alcohol and alcoholic beverages (2)</th>
<th>4 litres (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-sparkling wines</td>
<td></td>
</tr>
<tr>
<td>AND</td>
<td>16 litres (3)</td>
</tr>
<tr>
<td>Beer</td>
<td></td>
</tr>
<tr>
<td>AND</td>
<td></td>
</tr>
<tr>
<td>either: distilled beverages and spirits of an alcoholic strength exceeding 22% vol.; not denatured ethyl alcohol of 80% vol. and over</td>
<td>1 litre (3)</td>
</tr>
<tr>
<td>or: distilled and alcoholic beverages, aperitifs with a wine or alcohol base, tafia, saké or similar beverages of an alcoholic strength not exceeding 22% vol.; sparkling wines, fortified wines and still wines</td>
<td>2 litres (3)</td>
</tr>
</tbody>
</table>

| Other goods than those mentioned above  | Maximum total value: 430 or 300 or 175 euro (3) (4) (5) |

(1) The exemptions are granted irrespective of whether the goods were purchased in these countries under the conditions of the domestic market or with refund or relief of taxes on account of their exportation (e.g.: purchases in a tax-free shop in an airport).

(2) The exemptions for "tobacco products" and "alcohol and alcoholic beverages" are not granted to travellers under 17.

(3) For staff members of means of transport used in international travel from a third country or territory, the exemptions are limited to respectively 40 pieces, 20 pieces, 10 pieces, 50 grams, 2 litres, 8 litres, 0.25 litre, 0.50 litre and 175 euro. If these staff members produce the evidence that they do not travel for professional purposes, the ordinary exemptions apply.

(4) 430 euro for airpassengers and ship passengers (with the exception of private pleasure flying or boating), 300 euro for the other travellers, 175 euro for travellers under 15 and for travellers mentioned in note (3).

(5) These amounts can be modified.
2) TRAVELLERS FROM A EU-MEMBER STATE

Goods acquired under domestic market conditions (all taxes paid in the country where they are bought) in a Member State of the EU: travellers coming from a EU Member state are thus allowed to import the acquired goods without restrictions as to their quantity and value.

However, as regards travel from certain specific territories, the rules relating to VAT and/or excise duties applicable to non-EU Member States, apply to Member States.

Excise duties are still due, however, on excise goods imported to Belgium for commercial purposes.

In order to determine whether the goods imported by the traveller are so for commercial purposes, the commercial status and the motives of the person concerned shall be taken into consideration as well as the place where the goods are located, the means of transportation used, any document related to the goods as well as the nature and quantity of the latter, following the indicative levels of the table hereafter.

<table>
<thead>
<tr>
<th>Tobacco products</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>cigarettes</td>
<td>800 pieces</td>
</tr>
<tr>
<td>cigarillos (cigars with a maximum weight of 3 g a piece)</td>
<td>400 pieces</td>
</tr>
<tr>
<td>cigars</td>
<td>200 pieces</td>
</tr>
<tr>
<td>smoking tobacco</td>
<td>1 kg</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Alcoholic beverages</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>distilled beverages</td>
<td>10 litres</td>
</tr>
<tr>
<td>intermediate products (e.g. Port, Pineau des Charentes)</td>
<td>20 litres</td>
</tr>
<tr>
<td>wine (of which maximum 60 litres sparkling wine)</td>
<td>90 litres</td>
</tr>
<tr>
<td>beer</td>
<td>110 litres</td>
</tr>
</tbody>
</table>

It should be noted that transfers for a consideration of goods subject to excise duties between private citizens are deemed to be effected for commercial purposes even when they are made without profit.

C. **Final exemption upon reimportation of goods previously exported**

Under certain conditions (e.g. the unaltered state of the goods), final exemption can be granted upon reimportation of goods.

5.2.5. **Customs procedures involving suspension of duties and taxes on importation**

A. **Transit**

a. **The TIR carnet**

Seventy-one countries (among which all the Member States of the European Union) are contracting parties to a convention aiming at accelerating transportation of goods by means of road vehicles and packages, by simplifying border controls and formalities.

The goods are transported under cover of a TIR carnet, which is an international customs document that can be used when crossing successive borders.
Part II: Indirect taxation

Customs procedures upon importation, exportation and transit

After controlling the consignment, the customs authorities of the State of departure put their seal on the road vehicle or package. These vehicles and package must be approved by the customs authorities of the State where the owner or hauler lives or is established.

The TIR carnets are delivered in the contracting countries and are guaranteed by the responsible associations approved by the customs authorities. The users of the TIR carnets also have to be approved by the customs authorities and by the responsible associations.

TIR carnets are to be used neither for consignments both starting and ending in the European Union nor for transportation of alcohol and manufactured tobacco. They may be used however for transportation between EU Member States, if the consignment passes through the territory of a third country.

The TIR carnet covers the whole customs territory of the European Union. No formalities have to be carried out at the intra-Union borders.

Since 1 January 2009, the NCTS-TIR is compulsory within the EU. It implies that the return of voucher No 2 has been replaced by an e-mail on the EU territory.

However, the paper TIR carnet must always be used together with the NCTS-TIR application program.

b. Union transit and common transit

In principle, the external Union transit procedure allows the movement of non-Union goods from one place in the customs territory of the Union to another, without levying import duties or other taxes and without applying the trade policy measures.

The internal Union transit procedure allows the movement of Union goods from one place in the customs territory of the Union to another through a third country without the customs status being changed.

The common transit system extends the Union transit procedure to include the relations with the countries of the European Free Trade Association (EFTA), i.e. Norway, Iceland, Switzerland and Liechtenstein, and with Turkey, Macedonia, Serbia and, in certain cases, Andorra and Saint Martin.

The NCTS (New Computerised Transit System) has been mandatory since 1 July 2003; except in cases where the emergency procedure applies, and T-documents have been replaced by electronic transit operations. These T-documents are in the case of external Union transit, the T1-document, and for internal Union transit the T2-document. The goods and documents must be presented both at the office of departure and at the office of destination. A security covering the whole itinerary shall be paid.

Provided certain conditions are met, customs authorities can grant authorisations for transit simplified procedures.

B. Customs warehouse

A customs warehouse is a place approved by customs authorities where mainly non-Union goods can be stored without having to be subjected to the duties referred to in section 5.1, the VAT, the contingent excise duties and the trade policy measures.
Customs warehouses may be available for use by any person for the customs warehousing of goods (‘public customs warehouse’), or for the storage of goods by the holder of an authorisation for customs warehousing (‘private customs warehouse’).

As regards private warehouse, the holder of the authorisation and the holder of the procedure are the same person and responsibilities devolve exclusively upon the holder of the authorisation for private warehouse.

The holder of the procedure is the person who submits the customs declaration or on whose behalf this declaration has been submitted or the person to whom rights and obligations resulting from a customs procedure have been transferred.

Among the public customs warehouses, a distinction is made between warehouses of type I, warehouses of type II and warehouses of type III.

As regards warehouses of type I, responsibilities devolve to the holder of the authorisation and to the holder of the procedure. As regards warehouses of type II, responsibilities essentially devolve to the holder of the procedure. Warehouses of type III are managed by the customs.

An authorisation for both private or public customs warehouses of type I and II can also be granted for goods placed under the customs warehousing in several Member States of the Union.

Non-Union goods can also be stored in a VAT warehouse at the release for consumption. This makes it possible to release the goods for free circulation and to make a VAT declaration with temporary relief.

C. Temporary admission

Provided they are subsequently re-exported without having undergone any transformation, certain goods used in the EU can be granted partial or total exemption from duties. In this respect, an "ATA carnet" can replace the Single Document for the temporary admission.

D. End-use

a. Definition

Under the end-use procedure, goods may be released for free circulation under a duty exemption or at a reduced rate of duty on account of their specific use.

b. Purpose and scope of the procedure

Under this procedure, a preferential tariff (reduced rate of duty or suspension of duties) may be granted to an importer, provided that the goods are used for the intended final regulatory use. It concerns principally industrial assembly, manufacturing or processing processes (e.g.: parts intended to be mounted on civil aircraft, microelectronic parts intended to be installed on a computer, goods intended to be processed, etc.).
Part II: Indirect taxation

The end-use procedure has been introduced to favour certain sectors of economic activity and can only apply if provided for in the customs tariff. Customs supervision applies to goods placed under the procedure to ensure that the goods are actually assigned by the beneficiary to the prescribed end-use and that the preferential tariff has not been granted in error.

E. Inward processing

a. Definition

The inward processing procedure is a specific customs procedure which makes it possible to manufacture or process non-Union goods (using thereby, if necessary, Union goods) within the customs territory of the EU, considering that non-Union goods are subject to neither import duties or other levies nor trade policy measures.

The procedure can also apply to goods manufacturing to comply with technical requirements, so that they can be released for free circulation.

The procedure also apply to goods manufacturing, the contractor remaining the owner of the imported goods.

It should be noticed that the inward processing procedure does not necessarily imply that the manufacturing must be an industrial processing entailing an increase in value of the goods; small goods operations (common operations, repair, fine-tuning, etc.) can also be placed under this procedure.

Customs debt on import incurs where goods, placed under the inward processing procedure, are released for free circulation. The calculation of the debt is generally based on the imported goods used in the processed products. Provided certain conditions are met, the processed products can be released for free circulation with their own import duties.

b. Purpose and scope of the procedure

One of the main purposes of the inward processing procedure is to promote exportation by treating on the same terms Union-processors and processors established in third countries who produce the same goods, by allowing Union-processors to process the third goods in final products without paying customs duties on the third goods, the final goods being exported outside the customs territory of the European Union. The exemption from import duties on the third goods processed in “processed products” allow the Union-processors to produce quality products at the lowest cost, increasing therefore their competitiveness on the foreign markets.

By promoting the exportations, the inward processing procedure contributes to improve the trade balance; The inward processing is consequently followed by a re-export. The inward processing contributes therefore to a positive balance by generating a gain via the manufacturing or processing of imported non-Union goods and by creating jobs under the inward processing procedure (manufacturing or processing in the European Union).

Consequently, the inward processing procedure contributes to fight unemployment, since it allows the preservation or the creation of jobs in the EU.
Another important purpose of the inward processing procedure is the preservation or the creation of an economic activity via the manufacturing or processing of goods in the Union, as discussed hereafter.

Import duties aim at providing an appropriate protection to all producers of all goods (raw materials, semi-finished products and finish products) in the European Union.

According to the tariff policy, import duties are mostly higher on finished products than on raw materials or semi-finished products used to manufacture finished products (processed products).

Import duties on raw materials or semi-finished products are sometimes higher than import duties on finished products resulting from the processing or manufacturing of raw materials or semi-finished products. In this case, it is possibly more advantageous to directly import the finished (processed) product from a third country. This discourages consequently the creation of an industrial activity and implies the risk of moving the manufacturing activity outside the Union.

If the inward processing procedure is followed by a release for free circulation of the finished/processed products, it can be advantageous, under certain conditions, for the processor in the Union. This occurs if the financial burden to release the final product for free circulation or to manufacture the final product is lower than the one applicable if the raw materials bought in a third country were immediately released for free circulation, with payment of the applicable taxes.

\[\text{F. Flat rate outward processing}\]

\*a. Definition*

The outward processing procedure is a specific procedure, which allows temporary exportation from the customs territory of the EU of Union goods, in order to submit them to processing operations and in order to release the thus processed goods for free circulation in the EU, under a partial or total exemption from import duties.

\*b. Purpose and scope of the procedure*

The outward processing procedure complies with the present international labour organisation, which entrusts a series of specialised enterprises, established in different countries, with the manufacturing of certain goods. Although the outward processing procedure puts the Union workers at a disadvantage in comparison with foreign workers, its economic consequences are nonetheless positive for the EU. As it happens, it can lead to an increase in the exports of Union goods intended to be incorporated in the processing of third goods and re-imported in the EU, and to a decrease in the imports of non-Union goods.

Furthermore, this procedure can lead to a kind of industrial cooperation with certain third countries, at lower labour costs than in the EU and can, from this point of view, prevent production problems in the EU. In this case, the Union enterprises make the most of the low labour costs in developing countries by entrusting the latter with a part of their production; the savings in costs on the part of the production processed abroad have repercussions on the production costs of the production as a whole (principle of the proportionate division of costs) and prevent the production activities in the EU from being disturbed.
Part II : Indirect taxation

Customs procedures upon importation, exportation and transit

The outward processing procedure is also used where the EU lacks the required technology to perform part or parts of the processing operations and where the goods have to be repaired in a third country pursuant to contractual or legal obligations.

5.2.6. Exportation of goods

A. Definitive exportation

The exportation procedure regulates the exportation of Union goods out of the customs territory of the EU.

Pursuant to requirements, an export declaration must, as a rule, be submitted within the time limits at the customs office which is responsible for the control at the place where the exporter is established or where the goods are packed or loaded on the outward-bound vehicle.

The exporter is:

a) the person established in the customs territory of the Union who, at the time when the declaration is accepted, holds the contract with the consignee in the third country and has the power for determining that the goods are to be brought to a destination outside the customs territory of the Union;

b) the private individual carrying the goods to be exported where these goods are contained in the private individual’s personal baggage;

c) in other cases, the person established in the customs territory of the Union who has the power for determining that the goods are to be brought to a destination outside the customs territory of the Union.

Since 1 July 2009, the export declaration, including security data, has been compulsorily submitted online via the PLDA-program (ECS = Export Control System).

For exportation to Switzerland (Liechtenstein included) and Norway and for expeditions to non-fiscal territories, the security data must not be mentioned.

The document used to support this online procedure is called “Export Accompanying Document” (EAD).

As a result, the ECS applies to indirect exportation (2 Member States concerned). The ECS enables to control the exit out of the customs territory of the EU via the exchange of emails between the customs office of export and the customs office of exit out of the European Union.

When the PLDA-program sends the release message, the declarant can, on the basis of this message, print himself an EAD or ask the branch to print it. A paper version of the EAD must no longer be submitted to the customs office of exit. Providing the MRN (movement reference number) is enough.

The exportation can give entitlement to various advantages, for example exemption from excise duty and special excise duty, exemption from VAT, refund for certain agricultural products, etc.
Part II: Indirect taxation

B. Temporary exportation

Goods can also be temporarily exported, for example in order to be exhibited or delivered abroad on a trial basis. Provided certain conditions are met, a final exemption can be granted upon reimportation.

The "ATA carnet" can replace the "Single Document" for temporary exportation.

5.2.7. Repayment or remission of import duty, excise duty, special excise duty and VAT

'Repayment' means the refund of an amount of import or export duty which has been paid, while 'remission' means the waiving of the obligation to pay an amount of import or export duty which has not been paid.

Repayment or remission is possible for any of the following grounds:

a) overcharged amounts of import or export duty;
   b) defective goods or goods not complying with the terms of the contract;
   c) error by the competent authorities;
   d) equity.

Repayment of remission of excise duties upon importation from third countries occurs in the same cases and under the same conditions as for repayment of remission of import duty.

VAT refund is only possible in the cases mentioned in the VAT Code.

5.2.8. Authorised Economic Operator (AEO)

In the international context characterised by the increase of terrorist threats and organised cross-border crime which can seriously endanger not only the whole word economy but also public security, public health and the environment, the European Union is willing to increase security in the international supply chain.

In this context, the European Union, based notably on the “SAFE Standards Framework securing and facilitating world trade”, which was adopted on 23 June 2005 by the members of the World Customs Organization, has developed its own Customs Security Programme (CSP).

This programme, which balances controls with trade facilitation, contains activities to support and implement measures focused on an increased security via improved customs controls and provides the introduction of appropriate security controls which are liable to ensure the protection of the internal market and the security of the international supply chain, in close coordination with the world’s major trading partners. The old Community Customs Code has already been modified accordingly by Regulation (EC) No. 648/2005 and Regulation (EC) No. 1875/2006; it concerned the legal framework relating to the measures of the CSP programme until 30 april 2016.

The creation of the Authorised Economic Operator (AEO) status, which is closely linked to other measures introduced in European Customs Law (information exchange between customs authorities via information technology and computer networks – customs risk management at European level in compliance with joint electronic management – notification prior to arrival and departure, and summary entry and exit declarations), is one of the major elements of the CSP
programme and aims at allowing reliable and authorised economic operators to benefit from trade facilitation measures.

The Union Customs Code (UCC) came into force on 1 May 2016. The UCC, which abolished all previous provisions, aims at providing greater accuracy to customs authorities and greater legal security to economic operators. It also aims at improving and simplifying the rules and procedures, and harmonising customs decision-making procedures in the Union. The AEO status occupies now a central place among the legal instruments formed by the UCC and the implementing provisions laid down by the delegated regulation (Regulation EU 2426/2016) and the implementing regulation (Regulation EU 2447/2016).

The UCC provides continuity of the modernisation of European customs legislation, launched in 1992 and continued in 2008 with the adoption of the modernised Community Customs Code, but without being applied. The UCC results from a long thinking process aiming at implementing full automation customs procedures by 2020.

The implementation of all the above-mentioned measures and the mutual recognition of the AEO certification between countries having developed or which will develop this kind of programs around the world (e.g.: C-TPAT – Customs Trade Partnership Against Terrorism – in the United States and the MCME (Mesures on Classified Management of Enterprises) program in China), will enable the progressive implementation of a fast customs clearance system (“Green Lane” – almost no control) for goods in an international supply chain of which all parts (manufacturer, exporter, consignor, warehousekeeper, customs agent, carrier, importer, etc.) are totally secured.

For economic operators which want to remain competitive in the extremely complex international supply chain, the AEO status, ensuring a qualitative recognition and painting the picture of a reliable trading partner, implies a genuine quality label at international level with notably the following advantages:

- faster and easier access to customs simplifications such as the status of authorised consignor, the centralised clearance, self-assessment, the reduction or the comprehensive guarantee or the comprehensive guarantee waiver, etc.;
- fewer controls;
- less information transmitted in accordance with security obligations.

The introduction of the AEO status is an important step in the relations between authorised economic operators and customs authorities. This status gives the opportunity to distinguish economic operators whose accounting and supply management and preventive measures as regards security risk management, provide unquestionable quality and reliability guarantees.

Further information about this status is available on the following website: http://fiscus.fgov.be/interfdanl/fr/oeafri/index.htm (only available in French and Dutch).
CHAPTER SIX
EXCISE DUTIES

What is new?

- Change in the special excise duty on petrol and gas oil used as motor fuel.
- Decrease in the ad valorem excise duty on cigarettes and increase in the specific special excise duty on cigarettes and smoking tobacco. Increase in the minimum excise duty on cigarettes and smoking tobacco.
- Increase in the excise duty on non-alcoholic beverages containing added sugar or other sweetening matter.

These taxes are laid down and regulated by various EU directives and national legislation. A number of important provisions are included i.a. in:

- the Law of 22 December 2009 concerning the general arrangements for excise duty (BOJ of 31 December 2009);
- the Law of 21 December 2009 concerning the excise duty system as regards non-alcoholic beverages and coffee (BOJ of 15 January 2010);
- the Programme law of 27 December 2004 (BOJ of 31 December 2004);
- the Law of 7 January 1998, relating to the structure and excise tariffs on alcohol and alcoholic beverages (BOJ of 4 February 1998);
- the Law of 3 April 1997, relating to the tax system as regards manufactured tobacco (BOJ of 16 May 1997);

their modifications and the decrees issued for the implementation of these laws.

6.1. Definition

Excise duties are indirect taxes which are payable for the consumption or use of certain products, whether they are manufactured within the country, originated from a Member State of the European Union or imported from a country outside the European Union. Are to be distinguished, the (ordinary) excise duties, the special excise duties, the levy on energy (on energy products and electricity) and the inspection fee (on domestic fuel oil). The total excise duty is the sum of these four categories.

6.2. Classification of excise duties

A distinction is made between:

a. excise goods harmonised at Community level, on which ordinary excise duties are levied which are common to the Belgo-Luxembourg Economic Union (BLEU), and special excise duties (and possibly a levy on energy and an inspection fee) levied at the sole benefit of Belgium; the said Community excise goods are alcohol and alcoholic beverages (i.e. beer, wine, other fermented beverages than beer and wine, intermediate products and ethyl alcohol), energy products and electricity and manufactured tobacco;

b. national excise products, which are not harmonised at Community level and on which ordinary excise duties are levied at the sole benefit of Belgium: these autonomous excise products are the non-alcoholic beverages and coffee.
As far as energy products and electricity, alcohol and alcoholic beverages, as well as manufactured tobacco are concerned, the European directive concerning the general arrangements for excise duty (the so-called horizontal directive) applies. Moreover, there are directives relating to the structures and rates of excise duties applying to these products and relating to the taxation of energy products and electricity.

For non-alcoholic beverages and coffee, a special national system applies irrespective of the provisions of the above-mentioned horizontal directive.

6.3. Tax base

Depending on the product, quantity and/or value. See also the section "Rates" below.

6.4. General arrangements for excise duty

6.4.1. General


It is impossible to give here a precise description of this complex regulation. Only the broad lines are set forth; for details and exceptions the reader is referred to the above-mentioned Law and the decrees issued for its implementation.

Excise goods, i.e. energy products and electricity, alcohol and alcoholic beverages, as well as manufactured tobacco, shall be subject to excise duty at the time of their production, extraction or importation.

6.4.2. Chargeability, reimbursement and exemption

Excise duty shall be chargeable at the time of release for consumption in the country, i.e. at the time of the departure of excise goods from a duty suspension arrangement, at the time of the holding of excise goods outside a duty suspension arrangement where excise duty has not been levied, at the time of the production of excise goods outside a duty suspension arrangement and at the time of the importation, unless the excise goods are placed, immediately upon importation, under a duty suspension arrangement. Excise duty is also chargeable where the absence of goods which must be subject to excise duties is noticed.

A duty suspension arrangement is a tax arrangement applied to the production, processing, holding and movement of excise goods not covered by a customs suspension arrangement, excise duty being suspended.

As a rule, a cash payment is required at the time the tax debt arises. Provided certain conditions are met and a security is given, a term of payment may be granted which vary according to the product.

With respect to ethyl alcohol and spirit drinks, beer, non-sparkling wines, sparkling wines, other non-sparkling or sparkling fermented beverages, intermediate products and energy products (excl. natural gas, coal, coke and lignite), this term of payment for registered warehousekeepers and importers runs until the Thursday of the week following the week during which the declaration of release for consumption has been filed.
As regards manufactured tobacco, economic operators (manufacturers or importers established in Belgium, or representatives of manufacturers or importers established abroad) may benefit a deadline for the payment of the excise duty and the VAT until the Thursday of the week following the week during which the declaration of release for consumption has been filed.

In certain cases and under certain conditions, excise duty on excise goods which have been released for consumption in the country, may be reimbursed or remitted. This applies to excise goods held for commercial purposes in another Member State in order to be delivered or used there, to excise goods sold in another Member State via distance selling, to exported excise goods, to the correction of some irregularities or errors, etc.

Under certain conditions, there are exemptions for diplomats, consular officers, the armed forces, a certain number of (international) organisations, tax-free shops, goods supplied on board an aircraft or ship during the flight or sea-crossing to a third country or a third territory, etc.

As far as electricity and natural gas are concerned, excise duty becomes chargeable by the provider at the time he supplies them to the consumer. Where continuous supplies of natural gas or electricity give rise to successive account statements or payments, the supply is deemed to occur at the expiry of each period to which an account statement or a payment relates.

The provider must file, at the latest the 20th day of each month, a declaration of release for consumption with regard to consumption and intermediary invoices of the previous month, and pay cash the chargeable excise duty. As far as excise duty chargeable on intermediary invoices is concerned, the provider can pay them by means of advances.

As regards coal, coke and lignite, excise duty becomes chargeable at the time they are supplied to the retailer by companies which have to be registered for that purpose according to the procedures laid down by the King, unless the producer, importer, introducer or possibly his tax representative substitute these registered companies for the obligations imposed upon them. “Retailer” means any natural person or legal body delivering coal, coke or lignite to natural persons or legal bodies for their own consumption.

“At the time they are supplied to the retailer” means the date the invoice relating to the delivery was issued. The registered company must file, at the latest the Thursday of the week following the week during which the invoice has been issued, a declaration of release for consumption, and pay cash the chargeable excise duty. Where the release for consumption occurs with exemption from excise duty, the declaration of release for consumption must be filed at the latest the 15th of the month following the month during which the invoice has been issued.
6.4.3. Production, processing and holding of excise goods

The production and processing in the country of excise goods shall take place in a tax warehouse. Where excise duty has not been paid, the holding of these goods must also take place in a tax warehouse.

A tax warehouse is a place where excise goods are, under certain conditions, produced, processed, held, received or dispatched under a duty suspension arrangement by an authorised warehousekeeper in the course of his business.

An authorised warehousekeeper is a natural or legal person authorised, in the course of his business, to produce, process, hold, receive or dispatch excise goods under a duty suspension arrangement in a tax warehouse.

6.4.4. Movement of excise goods under suspension of excise duty

Excise goods may be moved under a duty suspension arrangement in Belgium from a tax warehouse to:

- another tax warehouse;
- a registered consignee, where the excise goods are dispatched from another Member State;
- a place where the excise goods leave the territory of the Community;
- a certain number of other consignees (diplomats, consular officers, the armed forces, some (international) organisations), where the excise goods are dispatched from another Member State.

They may also be dispatched under a duty suspension arrangement by a registered consignor from the place of importation to one of the above-mentioned destinations. A registered consignor is a natural or legal person authorised, under a certain number of conditions and in the course of his business, to dispatch excise goods under a duty suspension arrangement upon their release for free circulation.

A registered consignee may be a company which is not an authorised warehousekeeper. The registered consignee is authorised to receive, in the course of his business, excise goods moving under a duty suspension arrangement from another Member State, but is not allowed to hold these goods or to dispatch them under a duty suspension arrangement. He must register himself before the dispatching of the excise goods, provide a guarantee and fulfil some other conditions. On receipt of the excise goods, excise duty is chargeable and must be paid according to the procedure laid down. A registered consignee is not authorised to receive manufactured tobacco not carrying Belgian tax markings.

The movement of excise goods under suspension of excise duty takes place in principle under cover of an electronic administrative document and according to a determined procedure.

6.4.5. Movement and taxation of excise goods after release for consumption

No excise duty is chargeable for excise goods acquired by private individuals for their own use and transported by themselves, provided excise duty was levied in the Member State in which the goods were acquired. However, there are specific rules to determine whether or not the goods have been acquired by private individuals for their own use.
Part II: Indirect taxation

Excise duties

Excise duty is chargeable where excise goods which have already been released for consumption in another Member State are held for commercial purposes in the country in order to be delivered or used there. The same applies to excise goods which have already been released for consumption in another Member State and which are delivered in Belgium in the context of distance selling. Nevertheless, there is a reimbursement procedure to avoid double taxation. However, no excise duty is chargeable in case of total destruction or irretrievable loss of these goods in Belgium.

6.5. Excise duty system for non-alcoholic beverage and coffee

“Excise products” means non-alcoholic beverage and coffee.

Excise products are subject to excise duty at the time they are manufactured in the country, imported in the country or introduced (i.e. from another Member State of the EU) in the country.

Excise duty becomes chargeable at the time of release for consumption in the country. “Release for consumption” means the release of excise products from a suspensive procedure, the holding or the manufacture of excise products outside a suspensive procedure as well as the importation and introduction of excise products, unless those products are covered by a suspensive procedure at the time they are introduced. A suspensive procedure is a tax arrangement applicable to the manufacture, the holding or the movement of excise products, excise duty being suspended.

In principle, the amount must be paid cash where tax liability is incurred. Under certain conditions and provided lodging of a security, a term of payment can be granted to holders of the so-called “excise establishment” authorisation. This term of payment runs until the Thursday of the week following the week during which the declaration of release for consumption has been filed.

Excise duty levied on excise products exported, dispatched to another Member State or declared unfit for consumption by a public authority and destroyed under administrative supervision, is reimbursed. Provision is also made for a repayment or remission in some other cases, such as the correction of errors.

The manufacture, receipt and holding of excise products on which excise duty has not been levied, must take place in an authorised excise establishment. Such products, on which excise duty has not been levied, must also be dispatched from an excise establishment. An excise establishment is any place where the manufacture, the holding, the receipt and the dispatching of excise products take place under a suspensive procedure. The status of authorised excise establishment is granted subject to the submission of an application for authorisation.

Excise products may move, under the suspensive procedure, from an excise establishment to another excise establishment, bound for another Member State or for a customs office of export. Under this procedure, they may also move from a customs office of import located in the country to an excise establishment or bound for another Member State. Finally, they may, upon their entry and under a suspensive procedure, move to an excise establishment, bound for another Member State via the Belgian territory, bound for a customs office of export located in the country or bound for a place of direct supply located in the country and designated by the owner of an excise establishment.

The dispatching of excise products under a suspensive procedure must be covered by a commercial identification document.
Part II: Indirect taxation

Excise duties

No excise duty is chargeable on excise products acquired by private individuals for their own use and transported by themselves, provided they have been acquired on the terms ruling in the home market in the Member State of acquisition.

Excise products may be manufactured outside an excise establishment, utilising other excise products, provided the excise duty amount relating to the excise product obtained by that process is lower than or equal to the total excise duty amount which has been levied beforehand on each manufactured excise product.

Coffee roasting, the manufacture of extracts, essences and concentrates of coffee, solid or liquid, as well as the manufacture of preparations with a basis of coffee or of extracts, essences and concentrates of coffee, may occur outside an excise establishment, provided excise duty has been levied on manufactured unroasted or roasted coffee.

6.6. Checks

Checks in tax warehouses and excise establishments are carried out on the basis of the stock records related to the commercial accounts of the authorised warehousekeeper or of the holder of the authorisation “excise establishment”, and on the basis of verifications of the registers, documents and declarations (declarations of release for consumption, export declarations, etc.).

Moreover, a stock taking (physical control) shall be carried out at least once a year in the tax warehouse or the excise establishment.

In certain cases, excise agents carry out a permanent check of the production.

When excise goods or excise products are put into circulation, the check is carried out on the basis of the accompanying documents for transport (e.g. in the case of transportation under duty suspension arrangements or under a suspensive procedure: the e-AD or the commercial document; in the case of transportation with payment of excise duty: according to the case, the simplified accompanying document (SAD) or the commercial documents, possibly with a proof that a security has been paid).

It should be noticed that manufactured tobacco released for consumption in the country must carry tax markings.

It is obvious that the document check can go together with a physical control of the transported goods/products.

The transport of excise goods, which have already been released for consumption in Belgium and which are intended to be transported to another place located in Belgium, via the territory of a Member State, must be covered by a simplified accompanying document.

Inversely, the simplified accompanying document must be used for intra-Community transportation of excise goods which have already been released for consumption, from a Member State to another place in the same Member State, via the Belgian territory.
Part II : Indirect taxation

Excise duties

6.7.

Rates

Remark: some of these rates can be adjusted at very short notice.

6.7.1. Energy products and electricity


For the application of Chapter XVIII of the Programme Law of 27 December 2004, “excise duty” means (ordinary) excise duty, special excise duties, the inspection fee on domestic fuel oil and the levy on energy.
Part II: Indirect taxation

Excise duties

In euro per 1,000 litres at 15 °C, unless otherwise specified

<table>
<thead>
<tr>
<th>Product</th>
<th>Excise duty</th>
<th>Special excise duty</th>
<th>Levy on energy</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Leaded petrol</strong></td>
<td>245.4146</td>
<td>393.7887</td>
<td>28.6317</td>
<td>667.8350</td>
</tr>
<tr>
<td><strong>B. Unleaded petrol</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>≥ 98 octane</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. High-sulphur and high-aromatic</td>
<td>245.4146</td>
<td>356.4177</td>
<td>28.6317</td>
<td>630.4640</td>
</tr>
<tr>
<td>2. Low-sulphur and low-aromatic</td>
<td>245.4146</td>
<td>340.7080</td>
<td>28.6317</td>
<td>614.7543</td>
</tr>
<tr>
<td><strong>C. Other kinds of unleaded petrol</strong></td>
<td>245.4146</td>
<td>340.7080</td>
<td>28.6317</td>
<td>614.7543</td>
</tr>
<tr>
<td><strong>D. Kerosene</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Used as motor fuel</td>
<td>294.9933</td>
<td>308.9057</td>
<td>28.6317</td>
<td>632.5307</td>
</tr>
<tr>
<td>2. Used as motor fuel for industrial and commercial applications (1)</td>
<td>18.5920</td>
<td>4.2925</td>
<td>0</td>
<td>22.8845</td>
</tr>
<tr>
<td>3. Used at heating fuel</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1. Business use</td>
<td>0</td>
<td>0</td>
<td>19.5580</td>
<td>19.5580</td>
</tr>
<tr>
<td>3.2. Non-business use</td>
<td>0</td>
<td>0</td>
<td>19.5580</td>
<td>19.5580</td>
</tr>
<tr>
<td><strong>E. Gas oil with a sulphur content exceeding 10 mg/kg</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Used as motor fuel</td>
<td>198.3148</td>
<td>340.9734</td>
<td>14.8736</td>
<td>554.1618</td>
</tr>
<tr>
<td>2. Used as motor fuel for industrial and commercial applications (2)</td>
<td>18.5920</td>
<td>4.2925</td>
<td>0</td>
<td>22.8845</td>
</tr>
<tr>
<td>3. Used at heating fuel</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1. Business use</td>
<td>0</td>
<td>0</td>
<td>10.0000 (3)</td>
<td>18.6521</td>
</tr>
<tr>
<td>3.2. Non-business use</td>
<td>0</td>
<td>0</td>
<td>10.0000 (3)</td>
<td>18.6521</td>
</tr>
</tbody>
</table>

(1) Kerosene used under fiscal control for stationary motors, plant and machinery used in construction, civil engineering and public works and vehicles intended for use off the public highway or which have not been granted authorisation for use mainly on the public roadway.

(2) Gas oil used under fiscal control for stationary motors, plant and machinery used in construction, civil engineering and public works and vehicles intended for use off the public roadway or which have not been granted authorisation for use mainly on the public roadway.

(3) Inspection fee.
### Part II: Indirect taxation

#### Excise duties

<table>
<thead>
<tr>
<th>Product</th>
<th>Excise duty</th>
<th>Special excise duty</th>
<th>Levy on energy</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>F. Gas oil with a sulphur content not exceeding 10 mg/kg</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Used as motor fuel</td>
<td>198.3148</td>
<td>325.2638 (1)</td>
<td>14.8736</td>
<td>538.4522 (1)</td>
</tr>
<tr>
<td>2. Used as motor fuel for industrial and commercial applications (2)</td>
<td>18.5920</td>
<td>4.2925</td>
<td>0</td>
<td>22.8845</td>
</tr>
<tr>
<td>3. Used at heating fuel</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1. Business use</td>
<td>0</td>
<td>0</td>
<td>10.0000 (3) + 7.2564</td>
<td>17.2564</td>
</tr>
<tr>
<td>3.2. Non-business use</td>
<td>0</td>
<td>0</td>
<td>10.0000 (3) + 7.2564</td>
<td>17.2564</td>
</tr>
<tr>
<td><strong>G. Heavy fuel oil (in euro per 1,000 kg)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Business use (4)</td>
<td>13.0000</td>
<td>3.3460</td>
<td>0</td>
<td>16.3460</td>
</tr>
<tr>
<td>2. Non-business use</td>
<td>13.0000</td>
<td>3.3460</td>
<td>0</td>
<td>16.3460</td>
</tr>
<tr>
<td>3. Used to produce electricity</td>
<td>13.0000</td>
<td>3.3460</td>
<td>0</td>
<td>16.3460</td>
</tr>
<tr>
<td><strong>H. Liquified petroleum gas (in euro per 1,000 kg)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Used as motor fuel</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2. Used as motor fuel for industrial and commercial applications (5)</td>
<td>37.1840</td>
<td>7.4953</td>
<td>0</td>
<td>44.6793</td>
</tr>
<tr>
<td>3. Used at heating fuel</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1. Business use</td>
<td>0</td>
<td>0</td>
<td>18.6397 (6) or 18.9097 (7)</td>
<td>18.6397 (6) or 18.9097 (7)</td>
</tr>
<tr>
<td>3.2. Non-business use</td>
<td>0</td>
<td>0</td>
<td>18.6397 (6) or 18.9097 (7)</td>
<td>18.6397 (6) or 18.9097 (7)</td>
</tr>
</tbody>
</table>

(1) A reimbursement of the special excise duty amounting to 185.9094 euro per 1,000 litres is provided for vehicles described in the Programme Law of 27 December 2004, i.e. taxis, motor vehicles intended for the transportation of disabled persons, motor vehicles having more than 8 seats, excl. the driver’s seat, intended for the transportation of passengers and vehicles with a maximum allowable mass equal to or exceeding 7.5 tons and which are exclusively intended for the carriage of goods by road.

(2) Gas oil used under fiscal control for stationary motors, plant and machinery used in construction, civil engineering and public works, and vehicles intended for use off the public roadway or which have not been granted authorisation for use mainly on the public roadway.

(3) Inspection fee.

(4) Except where used to produce electricity.

(5) LPG used under fiscal control for stationary motors, plant and machinery used in construction, civil engineering and public works and vehicles intended for use off the public roadway or which have not been granted authorisation for use mainly on the public roadway.

(6) Butane.

(7) Propane.
### Part II: Indirect taxation

**Excise duties**

<table>
<thead>
<tr>
<th>Product</th>
<th>Excise duty</th>
<th>Special excise duty</th>
<th>Levy on energy</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>I. Natural gas (in euro per MWh – upper combustion value)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Used as motor fuel</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2. Used as motor fuel for industrial and commercial applications (1)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>3. Used at heating fuel</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3a. Business use</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3a1. Companies holding an “energiebeleidsovereenkomst”, an “accord de branche” or a similar agreement</td>
<td>0</td>
<td>0</td>
<td>0.5400</td>
<td>0.5400</td>
</tr>
<tr>
<td>3a2. Other companies</td>
<td>0</td>
<td>0</td>
<td>0.9978</td>
<td>0.9978</td>
</tr>
<tr>
<td>3b. Non-business use</td>
<td>0</td>
<td>0</td>
<td>0.9978</td>
<td>0.9978</td>
</tr>
<tr>
<td><strong>J. Coal, coke and lignite (in euro per 1,000 kg)</strong></td>
<td>0</td>
<td>8.7577 (2)</td>
<td>3.0000 (2)</td>
<td>11.7577 (2)</td>
</tr>
<tr>
<td><strong>K. Electricity (in euro per MWh)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Business use</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1a. supplied to end user connected to the transport or distribution network with a nominal voltage &gt; 1 kV, including end user identified as a customer assimilated to a high-voltage customer (3)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1b. supplied to end user connected to the transport or distribution network with a nominal voltage ≤ 1 kV</td>
<td>0</td>
<td>0</td>
<td>1.9261</td>
<td>1.9261</td>
</tr>
<tr>
<td>2. Non-business use</td>
<td>0</td>
<td>0</td>
<td>1.9261</td>
<td>1.9261</td>
</tr>
</tbody>
</table>

(1) Natural gas used under fiscal control for stationary motors, plant and machinery used in construction, civil engineering and public works, and vehicles intended for use off the public roadway or which have not been granted authorisation for use mainly on the public roadway.

(2) Exemption for coal, coke, lignite and solid fuels used by households (see below, exemptions, item 2, k).

(3) A customer assimilated to a high-voltage customer is a final user supplied by an individualised cable, which is financed by the customer himself, from a transformer station being part of the high-voltage network. The customers concerned are identified by the network operator.

Where intended for use, offered for sale or used as motor fuel or heating fuel, energy products for which no rate of taxation is specified in the above table (for definitions of these products, see art. 415 of the Programme Law of December 27th, 2004) shall be taxed, according to use, at the rate for the equivalent motor fuel or heating fuel.
Part II: Indirect taxation

Excise duties

In addition to the above-mentioned energy products, *any product* shall be taxed as an equivalent to motor fuel when it is intended for use, offered for sale or used as *motor fuel* or as an additive or extender in motor fuels. Likewise, in addition to the above-mentioned energy products, any other *hydrocarbon*, except for peat, shall be taxed at the rate for the equivalent energy product if it is intended for use, offered for sale or used as *heating fuel*.

**Exemptions**

1. Exemptions are provided (unless otherwise stipulated) for:
   a. energy products used for purposes other than as motor fuels or as heating fuels;
   b. dual use of energy products (= used both as heating fuels and for purposes other than as motor fuels or heating fuel. Only the use of energy products for chemical reduction and in electrolytic and metallurgical processes is considered as dual use);
   c. electricity used principally for the purposes of chemical reduction and in electrolytic and metallurgical processes;
   d. energy products and electricity used for mineralogical processes;
   e. energy products (except heavy fuel oil, coal, coke and lignite) and electricity used to produce electricity and electricity used to maintain the ability to produce electricity;
   f. energy products supplied for use as motor fuel or heating fuel for the purpose of air navigation, excluding private pleasure flying;
   g. energy products supplied for use as motor fuel or heating fuel for the purposes of navigation within Community waters (including fishing) and electricity produced on board a craft, excluding private pleasure craft.

2. Further exemptions are provided for the following products used under fiscal control (unless otherwise stipulated):
   a. taxable products used in the field of pilot projects for the technological development of more environment-friendly products or in relation to fuels from renewable resources;
   b. where produced by a user for private use, electricity a) of solar, wind, wave, tidal or geothermal origin, b) of hydraulic origin produced in hydroelectric installations, c) generated from biomass, from products produced from biomass of from fuel cells (scope of the exemption limited to electricity corresponding to legal provisions in respect of green certificates or of combined heat and power generation);
   c. energy products and electricity used for combined heat and power generation;
   d. electricity produced by a user for private use from combined heat and power generation provided the combined generators are environmentally friendly;
   e. motor fuel used for the manufacture, development, testing and maintenance of aircraft and ships;
   f. gas oil, kerosene and electricity used for the carriage of passengers and goods by rail;
   g. gas oil, kerosene and heavy fuel oil supplied for use as fuel for navigation on inland waterways (including fishing), excluding navigation in private pleasure craft, and electricity produced on board a craft;
Part II: Indirect taxation

Excise duties

h. gas oil, kerosene and heavy fuel oil used for dredging operations in navigable waterways and in ports;

i. gas oil, kerosene, heavy fuel oil, LPG, natural gas, electricity, coal, coke or lignite used exclusively in agricultural, horticultural or piscicultural works and in forestry (under certain conditions);

j. (lapsed);

k. coal, coke, lignite and solid fuels, where used by households;

l. natural gas and LPG, where used as propellants;

m. (repealed);

n. (lapsed);

o. electricity supplied by the distributor to a “protected residential customer on low incomes or in precarious situations”;

p. natural gas supplied by the distributor to a “protected residential customer on low incomes or in precarious situations”.

Under certain conditions, where energy products released for consumption in another Member State are either contained in standard tanks of commercial motor vehicles and intended to be used as fuel by those same vehicles or contained in special packages and intended to be used to operate the systems equipping those same packages during the course of the transport, they shall not be subject to excise duty in Belgium.

Petrol for other applications than motor fuel or heating fuel must be denatured.

“Solvent Yellow 124” shall be added to kerosene and gas oil intended to be used:
- as motor fuel for industrial and commercial applications;
- as heating fuel;
- in situations in which exemptions are foreseen;
- as motor fuel for sailing outside Community waters.

A red pigment shall also be added to gas oil (and in certain cases heavy fuel oil).

6.7.2. Alcoholic beverages

A. Beer

Beer shall be taken to include any product listed under code 2203 of the combined nomenclature of the common customs tariff of the European Communities (abbreviated as CN Code, see annex to this chapter), as well as mixtures of beer and non-alcoholic beverages of CN Code 2206. The alcoholic strength by volume must exceed 0.5 %.
Per hectolitre-degree (hl-degree) Plato of the end product:

<table>
<thead>
<tr>
<th></th>
<th>Excise duty</th>
<th>Special excise duty</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beer</td>
<td>0.7933</td>
<td>1.2110</td>
<td>2.0043</td>
</tr>
</tbody>
</table>

The number of degrees Plato measures the percentage in weight of the original extract per 100 grams of beer, this value being calculated from the actual extract and the alcohol contained in the finished product.

The taxable volume is expressed in hectolitres and litres; fractions of a litre are not taken into consideration. Where the taxable volume is lower than a litre, fractions of a decilitre are not taken into consideration.

The number of hectolitres-degrees Plato is expressed in whole numbers; fractions of an hectolitre/degree Plato are not taken into consideration.

The number of hectolitres-degrees Plato results from multiplying the taxable volume of beer by the number of degrees Plato of it.

The total excise duty on 1 litre of pilsner beer, with a density of 12.5 degrees Plato (in this case rounded to 12 degrees Plato) amounts to:

\[
0.01 \text{ hl} \times 12 = 0.12 \text{ hl-degree Plato} \\
0.12 \text{ hl-degree Plato} \times 2.0043 \text{ euro/hl-degree Plato} = 0.24 \text{ euro}
\]

For beer produced by small independent breweries there is a reduced rate, the application of which depends on the production of the brewery concerned during the previous year. These reduced rates are as follows:

Per hectolitre-degree Plato of the end product:

<table>
<thead>
<tr>
<th>Yearly production</th>
<th>Excise duty</th>
<th>Special excise duty</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>not exceeding 12,500 hl</td>
<td>0.3966</td>
<td>1.3462</td>
<td>1.7428</td>
</tr>
<tr>
<td>not exceeding 25,000 hl</td>
<td>0.3966</td>
<td>1.4044</td>
<td>1.8010</td>
</tr>
<tr>
<td>not exceeding 50,000 hl</td>
<td>0.3966</td>
<td>1.4624</td>
<td>1.8590</td>
</tr>
<tr>
<td>not exceeding 75,000 hl</td>
<td>0.4462</td>
<td>1.4710</td>
<td>1.9172</td>
</tr>
<tr>
<td>not exceeding 200,000 hl</td>
<td>0.4462</td>
<td>1.5292</td>
<td>1.9754</td>
</tr>
</tbody>
</table>

B. Wine

A distinction is made between non-sparkling and sparkling wines.

Non-sparkling wines (so-called still wines) shall be taken to include all products of CN Codes 2204 and 2205 (see annex to this chapter) except sparkling wines mentioned hereafter. Those products must have either an actual alcoholic strength by volume of more than 1.2% but not more than 15%, where the alcohol in the end product is obtained entirely through fermentation, or an actual alcoholic strength by volume of more than 15% but not more than 18%, where the alcohol in the end product is obtained entirely through fermentation and the wines are produced without any enrichment.
Part II: Indirect taxation

Excise duties

Sparkling wines (or semi-sparkling wines) shall be taken to include all products of CN Codes 2204 10, 2204 21 10 (replaced by the current CN Codes 2204 21 06, 2204 21 07, 2204 21 08 and 2204 21 09), 2204 29 10 and 2205 (see annex to this chapter). They are presented in bottles with a mushroom-shaped cork which is confined by threads, strips or otherwise, or have an excess pressure of not less than 3 bars produced by carbon dioxide in solution and they must have an actual alcoholic strength by volume of more than 1.2 % but not exceeding 15 %, and the alcohol in the end product must be obtained entirely through fermentation.

Per hectolitre of the end product: in euro

<table>
<thead>
<tr>
<th></th>
<th>Excise duty (1)</th>
<th>Special excise duty (1)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non sparkling wines</td>
<td>0</td>
<td>74.9086</td>
<td>74.9086</td>
</tr>
<tr>
<td>Sparkling wines</td>
<td>0</td>
<td>256.3223</td>
<td>256.3223</td>
</tr>
</tbody>
</table>

(1) 0 euro excise duty and 23.9119 euro special excise duty for any kind of non-sparkling or sparkling wines of an actual alcoholic strength by volume of more than 1.2% and not more than 8.5% vol.

The taxable volume is expressed in hectolitres and litres; fractions of a litre are not taken into consideration. Where the taxable volume is lower than a litre, fractions of a decilitre are not taken into consideration.

Examples:
- The total excise duty for a 0.75 litre bottle of grape wine of an alcoholic strength of 12% vol. is $0.007 \times 74.9086$ euro/hl = 0.52 euro
- The total excise duty for a 0.75 litre bottle of champagne of an alcoholic strength of 11% vol. is $0.007 \times 256.3223$ euro/hl = 1.79 euro

C. Fermented beverages other than wine or beer

A distinction is made between "other non-sparkling fermented beverages" and "other sparkling fermented beverages".

Other non-sparkling fermented beverages shall be taken to include all the products, not listed under B above, of CN Codes 2204, 2205 and 2206 (see annex to this chapter), with the exception of "other sparkling fermented beverages", and all the products listed under A above. They must have either an actual alcoholic strength by volume of more than 1.2 % but not exceeding 10 %, or an actual alcoholic strength by volume of more than 10 % but not exceeding 15 %, where the alcohol in the end product is obtained entirely through fermentation.

Other sparkling fermented beverages shall be taken to include all products of CN Codes 2206 00 91 as well as the products of CN Codes 2204 10, 2204 21 10 (replaced by the current CN Codes 2204 21 06, 2204 21 07, 2204 21 08 and 2204 21 09), 2204 29 10 and 2205 which are not listed under B (see annex to this chapter). They are presented in bottles having a mushroom-shaped cork confined by threads, strips or otherwise, or having an excess pressure of not less than 3 bars produced by carbon dioxide in solution and they must have either an actual alcoholic strength by volume of more than 1.2% but not exceeding 13%, or an actual alcoholic strength by volume of more than 13% but not exceeding 15%, the latter the alcohol in the end product being obtained entirely through fermentation.
Part II : Indirect taxation

Excise duties

Per hectolitre of the end product:

<table>
<thead>
<tr>
<th></th>
<th>Excise duty (1)</th>
<th>Special excise duty (1)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-sparkling</td>
<td>0</td>
<td>74.9086</td>
<td>74.9086</td>
</tr>
<tr>
<td>Sparkling</td>
<td>0</td>
<td>256.3223</td>
<td>256.3223</td>
</tr>
</tbody>
</table>

(1) 0 euro excise duty and 23.9119 euro special excise duty for any kind of other (non-sparkling or sparkling) fermented beverage of an actual alcoholic strength by volume of more than 1.2% and not more than 8.5% vol.

The taxable volume is expressed in hectolitres and litres; fractions of a litre are not taken into consideration. Where the taxable volume is lower than a litre, fractions of a decilitre are not taken into consideration.

Examples:

- The total excise duty for a 0.75 litre bottle of non-sparkling perry of an alcoholic strength of 9% vol. is 0.007 hl x 74.9086 euro/hl = 0.52 euro
- The total excise duty for a 0.75 litre bottle of sparkling cider of an alcoholic strength of 9% vol. is 0.007 hl x 256.3223 euro/hl = 1.79 euro

D. Intermediate products

Intermediate products shall be taken to include all products of CN Codes 2204, 2205 and 2206 (see annex to this chapter) which do not come under A, B, or C above and have an actual alcoholic strength by volume of more than 1.2% but not exceeding 22%.

Per hectolitre of end product:

<table>
<thead>
<tr>
<th></th>
<th>Excise duty</th>
<th>Special excise duty</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Non-sparkling” intermediate products</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) alcoholic strength exceeding 15% by volume</td>
<td>66.9313</td>
<td>90.8479</td>
<td>157.7792</td>
</tr>
<tr>
<td>b) alcoholic strength not exceeding 15% by volume</td>
<td>47.0998</td>
<td>71.4946</td>
<td>118.5944</td>
</tr>
<tr>
<td>“Sparkling” intermediate products (1)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) alcoholic strength exceeding 15% by volume</td>
<td>66.9313</td>
<td>189.1635</td>
<td>256.0948</td>
</tr>
<tr>
<td>b) alcoholic strength not exceeding 15% by volume</td>
<td>47.0998</td>
<td>208.9950</td>
<td>256.0948</td>
</tr>
</tbody>
</table>

(1) in particular: if contained in bottles with a mushroom-shaped cork which is confined by threads, strips or otherwise, or have an excess pressure of not less than 3 bars produced by carbon dioxide in solution.

The taxable volume is expressed in hectolitres and litres; fractions of a litre are not taken into consideration. Where the taxable volume is lower than a litre, fractions of a decilitre are not taken into consideration.

Example:

The total excise duty for a 0.75 litre bottle of vermouth of an alcoholic strength of 17% vol. = 0.007 hl x 157.7792 euro/hl = 1.10 euro
Part II: Indirect taxation

Excise duties

E. Ethyl alcohol

Ethyl alcohol shall be taken to include:

a. all products of the CN Codes 2207 and 2208 (see annex to this chapter). They must have an actual alcoholic strength exceeding 1.2% by volume. They are also taxed if they are part of another product listed in another chapter of the CN codes;

b. products of the CN Codes 2204, 2205 and 2206 of an actual alcoholic strength of more than 22% by volume;

c. distilled beverages whether or not containing products in solution.

Per hectolitre of absolute alcohol at a temperature of 20°C:

<table>
<thead>
<tr>
<th></th>
<th>Excise duty</th>
<th>Special excise duty</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethyl alcohol</td>
<td>223.1042</td>
<td>2,769.6886</td>
<td>2,992.7928</td>
</tr>
</tbody>
</table>

The volume of absolute alcohol at a temperature of 20°C is expressed as a percentage and in tenths of a percentage (alcoholic strength by volume); fractions of a tenth of a percentage are not taken into consideration.

The taxable volume is expressed in hectolitres, litres and decilitres; fractions of a decilitre are not taken into consideration. Where the taxable volume is lower than a decilitre, fractions of a centilitre are not taken into consideration.

Example:

The total excise duty on a 70 cl bottle of whisky of an actual alcoholic strength of 40% by volume amounts to: 2,992.7928 euro/hl x 0.4 x 0.007 hl = 8.38 euro

F. Exemptions

In certain cases the products listed above are exempted from the excise duty and special excise duty: i.a. if they are both denatured in accordance with the Belgian legislation and used for the manufacture of any product not for human consumption, or if they are used for the production of vinegar (CN Code 2209, see annex to this chapter) or medicinal products, or as flavouring for the preparation of certain foodstuffs and non-alcoholic beverages (on certain conditions).

6.7.3. Manufactured tobacco

For manufactured products of tobacco, excise duty and special excise duty are expressed as a percentage of the retail price (i.e. inclusive all taxes – ad valorem excise duty, ad valorem special excise duty and VAT); cigarettes are furthermore compulsorily subjected to a specific excise duty per 1,000 pieces and smoking tobacco to a specific special excise duty per kilogram.
Part II : Indirect taxation

Excise duties

<table>
<thead>
<tr>
<th></th>
<th>Excise duty</th>
<th>Special excise duty</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cigars (2)</td>
<td>5.00 %</td>
<td>5.00 %</td>
<td>10.00 %</td>
</tr>
<tr>
<td>Cigarettes (1) (2)</td>
<td>40.04 %</td>
<td>0.00 %</td>
<td>40.04 %</td>
</tr>
<tr>
<td>Smoking tobacco (1) (2)</td>
<td>31.50 %</td>
<td>0.00 %</td>
<td>31.50 %</td>
</tr>
</tbody>
</table>

(1) **Cigarettes** are, in addition, subjected to a specific excise duty of 6.8914 euro per 1,000 pieces and to a specific special excise duty of 57.7077 euro per 1,000 pieces.

Moreover, for **smoking tobacco**, a specific special excise duty of 42.3465 euro per kilogram is levied.

(2) For **cigarettes**, the aggregate amount of excise duty and special excise duty (both specific and *ad valorem*) may in no case be less than 100% of the total excise duties applied to the weighted average price. For 2018, the weighted average price amounts to 293.9787 euro per 1,000 pieces; as a result, the total excise duties may in no case be less than 182.3082 euro per 1,000 pieces.

For **smoking tobacco** finely cut for rolling cigarettes and other kinds of smoking tobacco, the aggregate amount of excise duty and special excise duty may in no case be less than 100% of the total excise duties applied to the weighted average price. For 2018, the weighted average price amounts to 147.2304 euro per kilogram; as a result, the total excise duties may in no case be less than 88.7778 euro per kilogram.

As regards **cigars**, the aggregate amount of excise duty, special excise duty and VAT may in no case be less than the aggregate amount of the same taxes applied to the most popular price category (the price of cigars in the most popular price category was fixed on 1 January 2018 at 315.00 euro per 1,000 pieces; as a result, the minimum amount of taxes per 1,000 pieces is 87.50 euro. For other quantities, this amount is calculated proportionally).

For smoking tobacco assigned by tobacco planters to their own consumption, limited to 150 plants per year, the excise duty shall be computed as being 20% of the retail price of smoking tobacco in the best-selling price class category.

In certain cases (for example: denaturing for use in industrial or horticultural applications, destruction under administrative supervision, tobacco used for scientific experimentations, retreatment or reprocessing by the producer), there is under certain circumstances an exemption from excise duty.

<table>
<thead>
<tr>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Take the case of a pack of 20 pieces of cigarettes priced 6.50 euro. The VAT amounts to 21%/1.21 = 17.36% of the retail price inclusive VAT (VAT rates are expressed as a percentage of the price exclusive of VAT). This corresponds to an amount of 1.1281 euro. The total <em>ad valorem</em> excise duty amounts to 40.04% of the retail price, corresponding to an amount of 2.6026 euro. The total <em>specific</em> excise duty amounts to 64.5991 euro per 1,000 pieces, corresponding to an amount of 64.5991 x 20/1,000 = 1.2920 euro per 20 pieces (0.1378 euro for the <em>specific</em> excise duty and 1.1542 euro for the <em>specific special excise duty</em>).</td>
</tr>
</tbody>
</table>

6.7.4. **Non-alcoholic beverages**

Applicable rates of excise duties:

a) waters, including natural or artificial mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured, as well as ice covered by CN code 2201: 0 euro per hectolitre;
Part II: Indirect taxation

Excise duties

b) waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter, flavoured or not, and other non-alcoholic beverages covered by CN code 2202, with the exception of milk-based drinks, soya drinks or rice drinks: 11.9233 euro per hectolitre;

c) flavoured waters, including mineral waters and aerated waters, not containing added sugar or other sweetening matter, covered by CN code 2202: 6.8133 euro per hectolitre;

d) beers such as described sub 6.7.2.A, with an alcoholic strength not exceeding 0.5% vol.: 3.7519 euro per hectolitre;

e) wines covered by CN codes 2204 and 2205, with an alcoholic strength not exceeding 1.2% vol.: 3.7519 euro per hectolitre;

f) other fermented beverages covered by CN codes 2204 and 2205, as well as those covered by CN code 2206, with an alcoholic strength not exceeding 1.2% vol.: 3.7519 euro per hectolitre;

g) beverages covered by CN code 2208, with an alcoholic strength not exceeding 1.2% vol.: 3.7519 euro per hectolitre;

h) fruit juices and vegetable juices unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter, covered by CN Code 2009: 0 euro per hectolitre;

i) all substances, in any form, obviously used for the preparation of non-alcoholic beverages mentioned under b) above, packed in either retail-sale packages or packages used for the preparation of such drinks ready for consumption, where the substance is presented in liquid form: 71.5405 euro per hectolitre. Where this substance is presented in powder or granular form, or in another solid form: 119.2343 euro per 100 kilogram net weight;

j) all substances, in any form, obviously used for the preparation of non-alcoholic beverages mentioned under c) above, packed in either retail-sale packages or packages used for the preparation of such drinks ready for consumption, where the substance is presented in liquid form: 40.8803 euro per hectolitre. Where this substance is presented in powder or granular form, or in another solid form: 68.1339 euro per 100 kilogram net weight.

Tap waters, even if they are flowed after possible gasification by fountains directly connected to the water line, and not put up for sale or delivery as drinking waters, are not considered, as regards excise duty, as non-alcoholic beverages.

Beverages based on fruit or vegetable juice intended for the feeding of infants, non-alcoholic beverages intended to be used for research, quality controls and taste testing, as well as waters to which the above-mentioned rate a) applies in principle, intended to be freely distributed by official institutions when disasters occur, are exempted from excise duty.
6.7.5. **Coffee**

Applicable rates of excise duties:

a) not roasted coffee covered by CN code 0901: 0.2001 euro per kilogram net weight;

b) roasted coffee covered by CN code 0901: 0.2502 euro per kilogram net weight;

c) extracts, essences and concentrates of coffee, solid or liquid, as well as preparations with a basis of extracts, essences and concentrates of coffee and preparations with a basis of coffee, covered by CN code 2101: 0.7004 euro per kilogram net weight.

Coffee intended for other industrial uses than roasting or preparing coffee extracts, and coffee intended to be used for research, quality controls and taste testing, are exempted from excise duties.
ANNEX TO CHAPTER SIX

Codes of the combined nomenclature (CN) of the common customs tariff of the European Communities for alcoholic beverages (codes as laid down in annex I to Regulation (EEC) No 2658/87 of the Council of the European Communities of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff, as modified by Regulation (EEC) No 2587/91 of the Commission of the European Communities of 26 July 1991).

<table>
<thead>
<tr>
<th>CN Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>0901</td>
<td>coffee, whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes containing coffee in any proportion</td>
</tr>
<tr>
<td>2009</td>
<td>fruit juices (including grape must) and vegetable juices, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter</td>
</tr>
<tr>
<td>2101</td>
<td>extracts, essences and concentrates, of coffee, tea or mate and preparations with a basis of these products or with a basis of coffee, tea or mate; roasted chicory and other roasted coffee substitutes, and extracts, essences and concentrates thereof</td>
</tr>
<tr>
<td>2201</td>
<td>waters, including natural or artificial mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured; ice and snow</td>
</tr>
<tr>
<td>2202</td>
<td>waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured, and other non-alcoholic beverages, not including fruit or vegetable juices of heading 2009</td>
</tr>
<tr>
<td>2203</td>
<td>beer made from malt</td>
</tr>
<tr>
<td>2204</td>
<td>wines from fresh grapes, including wines with added alcohol; grape must, other than referred to in heading 2009</td>
</tr>
</tbody>
</table>

  including:

| 2204 10 | sparkling wines (for example champagne) |
| 2204 21 10 (*) | wines, other than those referred to in subheading 2204 10, packed in bottles closed by means of a mushroom-shaped cork which is confined by threads, strips or otherwise; otherwise packed wines having, at 20° C, an excess pressure of at least 1 but not more than 3 bars, produced by carbon dioxide in solution - in packages containing not more than 2 litres |
| 2204 29 10 | as 2204 21 10, but in larger packaging |

(*) replaced by the current CN Codes 2204 21 06, 2204 21 07, 2204 21 08 and 2204 21 09
### Part II: Indirect taxation

#### Excise duties

<table>
<thead>
<tr>
<th>CN Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2205</td>
<td>vermouths and other wines of fresh grapes, prepared with aromatic plants or flavoured with aromatic extracts</td>
</tr>
<tr>
<td>2206</td>
<td>other fermented beverages (for example, cider, perry, mead), mixtures of fermented beverages and mixtures of fermented beverages and non-alcoholic beverages, neither named elsewhere nor included elsewhere including</td>
</tr>
<tr>
<td>2206 00 91</td>
<td>sparkling beverages</td>
</tr>
<tr>
<td>2207</td>
<td>ethyl alcohol, undenatured, of a strength of 80% by volume or higher; ethyl alcohol and distilled beverages, denatured, whatever the strength</td>
</tr>
<tr>
<td>2208</td>
<td>ethyl alcohol, undenatured, of an alcoholic strength by volume of less than 80%; distilled beverages, liqueurs and other beverages containing distilled alcohol</td>
</tr>
<tr>
<td>2209</td>
<td>vinegar, natural or obtained from acetic acid</td>
</tr>
</tbody>
</table>
CHAPTER SEVEN
THE PACKAGING CHARGE

The packaging charge is the object of art. 91-93 and 95, §4 of the special law of July 16th, 1993 finalising the federal structure of the State (BOJ of July 20th, 1993) and of Book III (articles 369-401bis) of the ordinary law of July 16th, 1993 aimed at finalising the federal structures of the State (BOJ of July 20th, 1993), the amendments thereof and the decrees issued for the implementation of the laws.

7.1. Generalities

The packaging charge is levied on drinks packages. Are considered as “drinks”: water, lemonade and other non-alcoholic drinks, beer, wine, vermouth and similar beverages, other fermented beverages, ethyl alcohol, spirit beverages, unfermented fruit juices and vegetable juices (see Art. 370 of the ordinary law of July 16th, 1993, finalising the federal structure of the State). The packaging charge is due at the time the above-mentioned drinks packed in individual packages are released for consumption in the matter of excise duty or, where the packing in individual packages takes place after those drinks are released for consumption in the matter of excise duty, at the time those drinks are brought on the Belgian market.

“Individual package” means any package, whatever the material, intended to be delivered to the end-user without the package to be modified. Moreover “individual reusable packages” (see below) as well as individual non-reusable packages are concerned.

The exemption of the packaging charge applies to all individual packages containing a beverage for which an exemption of excise duty has been provided.

The payment and the refund or remission must occur in the same way and under the same conditions as for excise duties on the packaged goods.

7.2. Tax amounts

The packaging charge amounts to 1.41 euro per hectolitre of product packed in individual reusable packages and to 9.86 euro per hectolitre of product packed in individual non-reusable packages. “Individual reusable package” means a package for which evidence is produced that it:

- can be refilled at least seven times;
- is collected by means of a deposit refund system (minimum 0.16 euro for packages of more than 0.5 l and 0.08 euro for packages of not more than 0.5 l);
- is actually being reused.
CHAPTER EIGHT
TAXES ASSIMILATED TO INCOME TAXES

What is new?

- Annual indexation on 1 July of certain rates of vehicle taxes.
- As far as the Walloon Region and the Brussels-Capital Region are concerned: indexation of the rates relating to the gaming machine licence duty.
- As far as the Flemish Region is concerned: change in the circulation tax on light trucks, hearses, self-propelled agricultural tractors, self-propelled tractors, oldtimers and natural gas vehicles; change in the annual circulation tax on vehicles travelling in the context of combined transport.
- Increase in the tariffs of the kilometre tax and in the administrative fines in all regions. As regards specifically the Flemish Region with respect to the kilometre tax: annual indexation on 1 July of the tariffs of the kilometre tax and entry into force on 1 January 2018 of the following: 1° differentiated tariffs for administrative fines, 2° increased tariff for vehicles meeting the Euro 5 or EEV standard and 3° expansion of the road network to which a tariff higher than 0 applies.
- Changes in the tax on employee equity participation and on profit premium plans.

These taxes are laid down and regulated by the Code of taxes assimilated to income taxes (CTA) and by the decrees issued for its implementation. From a juridical point of view, they are considered direct taxes. But since they are in most cases charged on goods and services, rather than on income (dealt with in Part I), they are discussed in Part II (indirect taxes) of the Tax Survey.

As regards the circulation tax, the tax on the entry into service, the Eurovignette and the kilometre tax, which fall within the competence of the Flemish Region, the provisions specified in the “Vlaamse Codex Fiscaliteit” (Flemish Tax Code) of 13 December 2013 apply.

8.1. Circulation tax (CT)

Preliminary remark:

Since January 2011, only the Flemish Region is competent to service the circulation tax for natural persons domiciled therein or legal persons having their registered office there.

Since 1 January 2014, only the Walloon Region is competent to service the circulation tax for natural persons domiciled therein or legal persons having their registered office there.

As far as the Brussels-Capital Region is concerned, the FPS Finance remains competent to service this tax.
Part II : Indirect taxation

8.1.1. Walloon Region and Brussels-Capital Region

A. Taxable vehicles

The circulation tax (CT) is levied on steam vehicles or motor vehicles, as well as on their trailers and semi-trailers, which are used for the carriage of passengers and also on similar vehicles used for the carriage of goods by road (Art. 3 and 4 CTA).

Motor vehicles are in principle listed in conformity with the regulations concerning their registration at the DIV (vehicle registration service) (Art. 4 CTA). However, a dispensation exists for motor vehicles intended for the carriage of goods, having a maximum allowable mass not exceeding 3.5 tonnes and registered at the DIV as “light trucks”, since a fiscal definition of “light trucks” has been introduced from tax year 2006 on.

In the matter of taxes assimilated to income taxes, vehicles “designed and constructed for the carriage of goods and having a maximum allowable mass not exceeding 3.5 tonnes”, are only considered fiscally as “light trucks” if they are part of one of the four following groups:

1. **“Single Cab Pickups”**, that is to say vehicles consisting of a single cab totally separated from the cargo space and comprising no more than two seating positions exclusive of the driver, and an open loading platform. The latter may be closed by means of a canvas, a flat horizontal cover or a construction intended to protect the load.

2. **“Double Cab Pickups”**, that is to say vehicles consisting of a double cab, totally separated from the loading area and comprising not more than six seating positions exclusive of the driver, and an open loading platform. The latter may be closed by means of a canvas, a flat horizontal cover or a construction intended to protect the load.

Pickup-type vehicles will fiscally be considered as light trucks.

3. **“Vans with a single row of seats”**.

These vehicles shall “concurrently” comprise, on the one hand a passenger compartment of not more than two seating positions exclusive of the driver and, on the other hand, a loading area separated from the passenger compartment. The passenger compartment and the loading area shall be separated by a partition with a height of not less than 20 cm or, in the absence of such a partition, by the back of the seats. The loading area shall cover at least 50% of the wheel base. Moreover, the whole surface of the loading area shall consist of an integrated, permanent or durably fixed, horizontal platform having no additional anchorages for seats or safety belts.

4. **“Vans with two rows of seats”**.

These vehicles shall “concurrently” comprise, on the one hand, a passenger compartment of not more than six seating positions exclusive of the driver and, on the other hand, a loading area separated from the passenger compartment. Here, the passenger compartment and the loading area have to be separated completely by a non-detachable rigid partition running right across the width and the height of the inner compartment. The loading area shall cover at least 50% of the wheel base. Moreover, the whole surface of the loading area shall consist of an integrated, permanent or durably fixed, horizontal platform having no additional anchorages for seats or safety belts.
Part II : Indirect taxation

Where vehicles registered with the DIV as light trucks do not meet the conditions set in respect of their category, they are deemed to be (private) motor cars, twin-purpose cars or minibuses, depending on their construction.

B. Exemptions

The exempted vehicles are listed in Art. 5 CTA.

As for motor vehicles and compound vehicles with a maximum allowable mass of not less than 12 tons used for road transport, the following, among others, are exempted from the tax: motor vehicles and compound vehicles used exclusively for the services of national defence, civil defence or contingency, for fire departments and other emergency services, for services in charge of public order, maintenance and management of the road system, as well as a few other motor vehicles and compound vehicles (Art. 5 § 2 CTA).

As for the other taxable vehicles, the following, among others, are exempted from the tax: vehicles used exclusively for a public service of the various authorities, vehicles exclusively used for public transport, ambulances and vehicles used as a personal means of transport by badly disabled war veterans or other disabled people, certain agricultural vehicles and vehicles of the like, vehicles used exclusively as a taxi, motorcycles powered by an engine having a cylinder capacity not exceeding 250 cm³ as well as a few other vehicles (Art. 5 § 1 CTA).

C. Tax base

The tax base is determined, as the case may be, according to the engine power, the cylinder capacity or the maximum allowable mass of the vehicle (Art. 7 and 8 CTA). For motor cars, twin-purpose cars and minibuses not fitted with electromotors and liable to circulation tax, the tax is determined by the number of HP, which is calculated on the basis of a formula in which all the data are related to the cylinder capacity in litres.

<table>
<thead>
<tr>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>A car has a four-cylinder engine with an internal diameter of 76 mm. Its piston stroke is 80 mm. The cylinder capacity is therefore 1.5 litres. The fiscal power, expressed in HP, is:</td>
</tr>
</tbody>
</table>
| \[
| HP = 4 \times \text{cylinder capacity (in litre)} + \frac{\text{weight (in 100 kg)}}{4} |
| For that car, the second term in the formula is replaced by a coefficient which varies according to the cylinder capacity. For a cylinder capacity of 1.5 litres, the coefficient is equal to 2.00. The fiscal rating in HP amounts therefore for that car to: |
| \[
| 4 \times 1.5 + 2.00 = 8.00, \text{ i.e. } 8 \text{ HP.} |
| D. Indexation of the rates |

A number of rates are adjusted on 1 July of each year according to a determined calculation method, on the basis of the fluctuations of the general consumer price index (Art. 11 CTA).
Part II : Indirect taxation

Taxes assimilated to income taxes

In particular, these are the tax rates for the following vehicles:

1° motor cars, twin-purpose cars and minibuses;
2° motorcycles;
3° coaches and buses (the minimum rate only);
4° trailers and semi-trailers with a maximum allowable mass not exceeding 3,500 kg;
5° motor cars, twin-purpose cars and minibuses which are more than 25 years old, camping trailers and trailers for the transportation of one boat, collectors’ military vehicles which are more than 30 years old, as well as the minimum rate generally applicable.

E. Rates

The rates of the circulation tax are determined in Art. 9 and 10 CTA.

Where the rates are indexed, the amounts mentioned hereafter, irrespective of any changes in the law which may occur meanwhile, are applicable from 1 July 2017 till 30 June 2018.

1. Motor cars, twin-purpose vehicles and minibuses

<table>
<thead>
<tr>
<th>HP</th>
<th>Tax in euro (without surcharges, see 8.1.1-H)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 or less</td>
<td>73.20</td>
</tr>
<tr>
<td>5</td>
<td>91.68</td>
</tr>
<tr>
<td>6</td>
<td>132.48</td>
</tr>
<tr>
<td>7</td>
<td>173.04</td>
</tr>
<tr>
<td>8</td>
<td>214.08</td>
</tr>
<tr>
<td>9</td>
<td>255.00</td>
</tr>
<tr>
<td>10</td>
<td>295.44</td>
</tr>
<tr>
<td>11</td>
<td>383.40</td>
</tr>
<tr>
<td>12</td>
<td>471.36</td>
</tr>
<tr>
<td>13</td>
<td>559.08</td>
</tr>
<tr>
<td>14</td>
<td>647.04</td>
</tr>
<tr>
<td>15</td>
<td>735.00</td>
</tr>
<tr>
<td>16</td>
<td>962.64</td>
</tr>
<tr>
<td>17</td>
<td>1,190.52</td>
</tr>
<tr>
<td>18</td>
<td>1,418.28</td>
</tr>
<tr>
<td>19</td>
<td>1,645.68</td>
</tr>
<tr>
<td>20</td>
<td>1,873.56</td>
</tr>
<tr>
<td>for each additional HP above 20 HP</td>
<td>102.12</td>
</tr>
</tbody>
</table>

2. Motor vehicles intended for the carriage of goods, whose maximum allowable mass does not exceed 3,500 kg

19.32 euro per 500 kg of maximum allowable mass (exclusive of surcharges, see 8.1.1-H), with application of a minimum tax amounting to 33.21 euro (36.53 euro, surcharges included) for the first 0-500 kg bracket.

3. Motorcycles

Uniform 51.96 euro tax (exclusive of surcharges, see 8.1.1-H, i.e. a total amount of 57.16 euro). Where the cylinder capacity does not exceed 250 cm³, an exemption from circulation tax is granted.
Part II: Indirect taxation

4. COACHES AND BUSES

- if ≤ 10 HP: **4.44 euro** per HP with a minimum of **73.48 euro** (exclusive of surcharges; see 8.1.1-H, i.e. a total amount of 80.83 euro).
- if > 10 HP: **4.44 euro** per HP + **0.24 euro** per HP above 10 HP, with a maximum rate of **12.48 euro** per HP (exclusive of surcharges; see 8.1.1-H).

5. MOTOR VEHICLES OR COMPOUND VEHICLES INTENDED FOR THE CARRIAGE OF GOODS

If the maximum allowable mass (MAM) of those vehicles exceeds 3,500 kg, the tax amounts are based on tax scales taking into consideration the MAM, the number of axles and the nature of the suspension (on the one hand driving axles with a pneumatic suspension or a suspension recognised as equivalent, and on the other hand the other suspension systems).

Where a self-propelled motor vehicle is concerned, the MAM to be taken into account is its own MAM; where a compound vehicle is concerned, the MAM to be taken into consideration is the sum of the MAMs of the vehicles making up the compound vehicle.

*Tariffs in the Walloon Region*

In the Walloon Region, there are in total 200 tariff categories (surcharges are still to be added – cf. 8.1.1-H.), subdivided in 10 tables:

a. **Self-propelled motor vehicles**

   I. Motor vehicle with not more than two axles: 12 categories with tariffs varying from 0 euro to 274 euro
   II. Motor vehicle with three axles: 14 categories with tariffs varying from 0 euro to 345 euro
   III. Motor vehicle with four axles: 12 categories with tariffs varying from 0 euro to 537 euro
   IV. Motor vehicle with more than four axles: 42 categories with tariffs varying from 0 euro to 307 euro

b. **Compound vehicles**

   V. Motor vehicle with not more than two axles and trailer or semi-trailer with a single axle: 16 categories with tariffs varying from 0 euro to 307 euro
   VI. Motor vehicle with two axles and trailer or semi-trailer with two axles: 18 categories with tariffs varying from 0 euro to 706 euro
   VII. Motor vehicle with two axles and trailer or semi-trailer with three axles: 8 categories with tariffs varying from 0 euro to 700 euro
   VIII. Motor vehicle with three axles and trailer or semi-trailer with not more than two axles: 10 categories with tariffs varying from 0 euro to 929 euro
   IX. Motor vehicle with three axles and trailer or semi-trailer with three axles: 10 categories with tariffs varying from 0 euro to 535 euro
   X. Compound vehicles made up differently from the configurations mentioned in V to IX: 58 categories with tariffs varying from 0 euro to 706 euro
Examples (excl. surcharges)

1. Two-axled truck with a MAM of 13,000 kg: 31 euro when pneumatic suspension and 86 euro when not;
2. Three-axled truck with a MAM of 20,000 kg: 111 euro when pneumatic suspension and 144 euro when not;
3. Four-axled truck with a MAN of 25,000 kg: 146 euro when pneumatic suspension and 228 euro when not;
4. Five-axled truck with a MAM of 30,000 kg: 175 euro when pneumatic suspension and 307 euro when not;
5. Two-axled tractor and single-axled semi-trailer with a MAM of 20,000 kg: 32 euro when pneumatic suspension and 75 euro when not;
6. Two-axled truck and two-axled trailer with a MAM of 30,000 kg: 204 euro when pneumatic suspension and 335 euro when not;
7. Three-axled tractor and two-axled semi-trailer with a MAM of 43,000 kg: 628 euro when pneumatic suspension and 929 euro when not;
8. Three-axled tractor and three-axled semi-trailer with a MAM of 43,000 kg: 336 euro when pneumatic suspension and 535 euro when not.

The tariff is equal to 0 euro for motor vehicles or compound vehicles with a maximum allowable mass exceeding 3.5 tonnes but lower than 12 tonnes. Nor does the minimum tax apply to those vehicles (cf. point 7 above).

Tariffs in the Brussels-Capital Region

If actually liable to the kilometre tax (cf. point 8.3), the tariff of the circulation tax amounts to 0 euro for motor vehicles or compound vehicles with a maximum allowable mass exceeding 3.5 tonnes but lower than 12 tonnes. Nor does the minimum tax apply to those vehicles (cf. point 7 above).

If not liable to the kilometre tax (cf. point 8.3), motor vehicles or compound vehicles with a maximum allowable mass exceeding 3.5 tonnes but lower than 12 tonnes are taxed according to the 84 tariff categories mentioned hereafter.

a. Self-propelled motor vehicles

I. Motor vehicle with not more than two axles: 18 categories with tariffs varying from 59.97 euro to 224.59 euro
II. Motor vehicle with three axles: 2 categories with tariffs varying from 209.67 euro to 299.55 euro
III. Motor vehicle with four axles: 2 categories with tariffs varying from 248.44 euro to 414.08 euro
IV. Motor vehicle with more than four axles: 18 categories with tariffs varying from 59.97 euro to 224.59 euro
Part II: Indirect taxation

Taxes assimilated to income taxes

b. Compound vehicles

V. Motor vehicle with not more than two axles and trailer or semi-trailer with a single axle: 18 categories with tariffs varying from 59.97 euro to 224.59 euro

VI. Motor vehicle with two axles and trailer or semi-trailer with two axles: 2 categories with tariffs varying from 260.29 euro to 449.48 euro

VII. Motor vehicle with two axles and trailer or semi-trailer with three axles: 2 categories with tariffs varying from 471.00 euro to 648.79 euro

VIII. Motor vehicle with three axles and trailer or semi-trailer with not more than two axles: 2 categories with tariffs varying from 429.20 euro to 648.79 euro

IX. Motor vehicle with three axles and trailer or semi-trailer with three axles: 2 categories with tariffs varying from 286.07 euro to 648.79 euro

X. Other configurations: 18 categories with tariffs varying from 59.97 euro to 224.59 euro

With respect to motor vehicles with a maximum allowable mass amounting to at least 12 tonnes, the tax is levied according to a total of 80 tariff categories (surcharges are still to be added – cf. 8.1.1-H.):

a. Self-propelled motor vehicles

I. Motor vehicle with not more than two axles: 8 categories with tariffs varying from 0 euro to 274 euro

II. Motor vehicle with three axles: 10 categories with tariffs varying from 31 euro to 345 euro

III. Motor vehicle with four axles: 8 categories with tariffs varying from 144 euro to 537 euro

IV. Motor vehicle with more than four axles: 8 categories with tariffs varying from 144 euro to 537 euro

b. Compound vehicles

V. Motor vehicle with not more than two axles and trailer or semi-trailer with a single axle: 16 categories with tariffs varying from 0 euro to 307 euro

VI. Motor vehicle with two axles and trailer or semi-trailer with two axles: 14 categories with tariffs varying from 30 euro to 706 euro

VII. Motor vehicle with two axles and trailer or semi-trailer with three axles: 4 categories with tariffs varying from 370 euro to 700 euro

VIII. Motor vehicle with three axles and trailer or semi-trailer with not more than two axles: 6 categories with tariffs varying from 327 euro to 929 euro

IX. Motor vehicle with three axles and trailer or semi-trailer with three axles: 6 categories with tariffs varying from 186 euro to 535 euro
Part II: Indirect taxation

Examples (excl. surcharges)

1. Two-axled truck with a MAM of 13,000 kg: 31 euro when pneumatic suspension and 86 euro when not;
2. Three-axled truck with a MAM of 20,000 kg: 111 euro when pneumatic suspension and 144 euro when not;
3. Four-axled truck with a MAM of 25,000 kg: 146 euro when pneumatic suspension and 228 euro when not;
4. Five-axled truck with a MAM of 30,000 kg: 362 euro when pneumatic suspension and 537 euro when not;
5. Two-axled tractor and single-axled semi-trailer with a MAM of 20,000 kg: 32 euro when pneumatic suspension and 75 euro when not;
6. Two-axled truck and two-axled trailer with a MAM of 30,000 kg: 204 euro when pneumatic suspension and 335 euro when not;
7. Three-axled tractor and two-axled semi-trailer with a MAM of 43,000 kg: 628 euro when pneumatic suspension and 929 euro when not;
8. Three-axled tractor and three-axled semi-trailer with a MAM of 43,000 kg: 336 euro when pneumatic suspension and 535 euro when not.

6. Trailers and semi-trailers with a maximum allowable mass (MAM) not exceeding 3,500 kg

- 34.20 euro (+ surcharges, i.e. a total amount of 37.62 euro) when MAM not exceeding 500 kg;
- 71.16 euro (+ surcharges, i.e. a total amount of 78.28 euro) when MAM exceeding 500 kg and not exceeding 3,500 kg.

7. Vehicles liable to a fixed-rate charge

This tax amounts to 33.21 euro (+ surcharges, i.e. a total amount of 36.53 euro) and is levied on:

- motor cars, twin-purpose cars and minibuses and motorcycles older than 30 years (Walloon Region) or older than 25 years (Brussels-Capital Region);
- camping trailers and trailers for the transportation of one boat;
- collectors' military vehicles older than 30 years.

The minimum tax on all vehicles liable to circulation tax amounts to 33.21 euro (+ surcharges, i.e. a total amount of 36.53 euro).

The minimum tax does not apply to motor vehicles or compound vehicles with a maximum allowable mass exceeding 3.5 tonnes but lower than 12 tonnes (Walloon Region) or to motor vehicles or compound vehicles with a maximum allowable mass exceeding 3.5 tonnes but lower than 12 tonnes and liable to the kilometre tax (Brussels-Capital Region).
Part II: Indirect taxation

Taxes assimilated to income taxes

F. Tax abatements

In certain cases (Art. 14-16 CTA) and provided certain well defined conditions are met, the following abatements can be granted:

a. abatement for long time utilisation of the vehicles (only for certain vehicles used exclusively for paid conveyance of passengers);

b. abatement for exclusive use within the confines of a port (only for certain vehicles used exclusively for transportation of goods or of any objects);

c. abatement for car fleets (only for certain vehicles used exclusively for paid conveyance of passengers).

G. Additional circulation tax (ACT)

The additional circulation tax is dealt with in Art. 12-13 CTA.

This tax is levied on all cars, twin-purpose cars and minibuses equipped with an LPG installation. The amounts depend on the fiscal power of the vehicle (HP):

- max. 7 HP : 89.16 euro
- from 8 to 13 HP : 148.68 euro
- more than 13 HP : 208.20 euro

Where the vehicle is exempted from circulation tax, it is also exempted from the additional circulation tax, except in certain cases (i.a. ambulances, cars used for private purpose by badly disabled war veterans or by handicapped persons, vehicles used exclusively as taxis, etc.). The yearly indexation (see 8.1.1-D) does not apply to the ACT and no municipal surcharge (see 8.1.1-H) is levied.

H. Surcharge in favour of the municipalities

This surcharge applies to all vehicles liable to the circulation tax, except (Art. 42 CTA):

a. to vehicles which are exclusively used for paid conveyance of passengers by virtue of a license to supply not regularly scheduled transportation;

b. to vehicles for which an abatement of the circulation tax was granted for exclusive use within the confines of a port;

c. to vehicles liable to the daily tax (vehicles used in Belgium with a foreign number plate).

After addition of the surcharge, the circulation tax for the vehicle described in the example in 8.1.1-C. amounts to:

214.08 euro + 21.41 euro = 235.49 euro

Where necessary, the additional circulation tax (see 8.1.1-G) must be added.
Part II: Indirect taxation

I. Summary table of the circulation tax

Irrespective of any changes in the law which may occur meanwhile, the circulation tax tariffs mentioned below, surcharges included, applicable to motor cars, twin-purpose cars and minibuses, apply from 1 July 2017 until 30 June 2018. The table hereafter illustrates the tariffs applying to vehicles with a cylinder capacity of not more than 4.1 litres.

<table>
<thead>
<tr>
<th>Cylinder capacity in litres</th>
<th>HP</th>
<th>Tax</th>
<th>Cylinder capacity in litres</th>
<th>HP</th>
<th>Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.7 or less</td>
<td>4</td>
<td>80.52</td>
<td>2.4 – 2.5</td>
<td>13</td>
<td>614.99</td>
</tr>
<tr>
<td>0.8 – 0.9</td>
<td>5</td>
<td>100.85</td>
<td>2.6 – 2.7</td>
<td>14</td>
<td>711.74</td>
</tr>
<tr>
<td>1.0 – 1.1</td>
<td>6</td>
<td>145.73</td>
<td>2.8 – 3.0</td>
<td>15</td>
<td>808.50</td>
</tr>
<tr>
<td>1.2 – 1.3</td>
<td>7</td>
<td>190.34</td>
<td>3.1 – 3.2</td>
<td>16</td>
<td>1,058.90</td>
</tr>
<tr>
<td>1.4 – 1.5</td>
<td>8</td>
<td>235.49</td>
<td>3.3 – 3.4</td>
<td>17</td>
<td>1,309.57</td>
</tr>
<tr>
<td>1.6 – 1.7</td>
<td>9</td>
<td>280.50</td>
<td>3.5 – 3.6</td>
<td>18</td>
<td>1,560.11</td>
</tr>
<tr>
<td>1.8 – 1.9</td>
<td>10</td>
<td>324.98</td>
<td>3.7 – 3.9</td>
<td>19</td>
<td>1,810.25</td>
</tr>
<tr>
<td>2.0 – 2.1</td>
<td>11</td>
<td>421.74</td>
<td>4.0 – 4.1</td>
<td>20</td>
<td>2,060.92</td>
</tr>
<tr>
<td>2.2 – 2.3</td>
<td>12</td>
<td>518.50</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

8.1.2. Flemish Region

A. Taxable vehicles

The circulation tax (CT) is levied on steam vehicles or motor vehicles, as well as on their trailers and semi-trailers, which are used for the carriage of passengers and also on similar vehicles used for the carriage of goods by road (Art. 1.1.0.0.2 and 2.2.1.0.1 “Vlaamse Codex Fiscaliteit”).

Motor vehicles are in principle listed in conformity with the regulations concerning their registration at the DIV (vehicle registration service). However, a dispensation exists for motor vehicles intended for the carriage of goods, having a gross vehicle weight rating not exceeding 3.5 tonnes and registrated at the DIV as “light trucks”, since the fiscal definition of “light trucks” applies to those vehicles (Art. 1.1.0.0.2 “Vlaamse Codex Fiscaliteit”).

In the matter of circulation tax, vehicles designed and constructed for the carriage of goods and having a gross vehicle weight rating not exceeding 3.5 tonnes, are only considered fiscally as “light trucks” if they are part of one of the four following groups:

1. “Single Cab Pickups”,
   i.e. vehicles consisting of a single cab totally separated from the cargo space and comprising no more than two seating positions exclusive of the driver, and an open loading platform. The latter may be closed by means of a canvas, a flat horizontal cover or a construction intended to protect the load.

2. “Double Cab Pickups”,
   i.e. vehicles consisting of a double cab, totally separated from the loading area and comprising not more than six seating positions exclusive of the driver, and an open loading platform. The latter may be closed by means of a canvas, a flat horizontal cover or a construction intended to protect the load.
Pickup-type vehicles will fiscally be considered as light trucks.

3. “Vans with a single row of seats”.

These vehicles shall “concurrently” comprise, on the one hand, a passenger compartment of not more than two seating positions exclusive of the driver and, on the other hand, a loading area separated from the passenger compartment by a partition. The loading area shall cover at least 50% of the wheel base. Moreover, the whole surface of the loading area shall consist of an integrated, permanent or durably fixed, horizontal platform having no additional anchorages for seats or safety belts.

4. “Vans with two rows of seats”.

These vehicles shall “concurrently” comprise, on the one hand, a passenger compartment of not more than six seating positions exclusive of the driver and, on the other hand, a loading area separated from the passenger compartment. Here, the passenger compartment and the loading area have to be separated completely by a non-detachable rigid partition running right across the width and the height of the inner compartment. The loading area shall cover at least 50% of the wheel base. Moreover, the whole surface of the loading area shall consist of an integrated, permanent or durably fixed, horizontal platform having no additional anchorages for seats or safety belts.

Where vehicles registered with the DIV as light trucks do not meet the conditions set in respect of their category, they are deemed to be (private) motor cars, twin-purpose cars or minibuses, depending on their construction.

B. Exemptions

The exempted vehicles are listed in Art. 2.2.6.0.1 and following of the “Vlaamse Codex Fiscaliteit”.

As for motor vehicles and compound vehicles with a gross vehicle weight rating of not less than 12 tons used for road transport, the following, among others, are exempted from the tax: motor vehicles and compound vehicles used exclusively for the services of national defence, civil defence or contingency, for fire departments and other emergency services, for services in charge of public order, maintenance and management of the road system, as well as a few other motor vehicles and compound vehicles (Art. 2.2.6.0.1 § 2 “Vlaamse Codex Fiscaliteit”).

As for the other taxable vehicles, the following, among others, are exempted from the tax: vehicles used exclusively for a public service of the various authorities, vehicles exclusively used for public transport, ambulances and vehicles used as a personal means of transport by badly disabled war veterans or other disabled people, certain agricultural vehicles and vehicles of the like, vehicles used exclusively as a taxi, motorcycles not exceeding 250 cm³ as well as a few other vehicles. An exemption has also been provided for vehicles deployed by transporters subsidized by the Flemish government and used exclusively for the transportation of disabled persons or persons with severely reduced mobility (Art. 2.2.6.0.1 § 1 “Vlaamse Codex Fiscaliteit”).

Vehicles exclusively powered by an electric engine or by hydrogen are exempted from the tax. However, this exemption only applies to road vehicles, light trucks, hearses and self-propelled tractors (where those vehicles do not fall under point E-5 hereafter), belonging to natural persons and other legal persons than companies, autonomous public undertakings and non-profit organisations, engaged in leasing activities (Art. 2.2.6.0.6 “Vlaamse Codex Fiscaliteit”).
Part II: Indirect taxation  
Taxes assimilated to income taxes

Vehicles running on natural gas, even if only partly or temporarily, and plug-in hybrids with CO₂ emissions not exceeding 50g/km are exempted from the tax until 2020 included. A plug-in hybrid is a vehicle powered by an electric engine and a combustion engine and for which electric power is provided to the electric engine by batteries that can be fully charged by a connection to an external power supply.

This exemption only applies to road vehicles, light trucks, hearses and self-propelled tractors (where those vehicles do not fall under point E-5 hereafter), belonging to natural persons and other legal persons than companies, autonomous public undertakings and non-profit organisations, engaged in leasing activities. Moreover, with respect to road vehicles powered by natural gas, registered after 30 June 2017 in the directory of the Directorate-General for Mobility and Road Safety, the taxable power cannot exceed 11 fiscal HP (Art. 2.2.6.0.7 “Vlaamse Codex Fiscaliteit”).

Finally, as regards trucks, tractors, trailers and semi-trailers, the annual circulation tax is refunded where those vehicles travel in the context of combined transport. The conditions for the application of the refund system have been made more flexible as from tax year 2017:

- the number of transshipments required has been reduced to 100 (instead of 220), and
- the requirement of a transshipment in Belgium has been abolished.

C. Tax base

The tax base is determined, as the case may be, according to the engine power, the cylinder capacity or the gross vehicle weight rating of the vehicle. For vehicles powered by rotary piston engines and liable to circulation tax, the tax is determined by the number of HP, which is calculated on the basis of a formula in which all the data are related to the cylinder capacity in litres (Art. 2.2.3.0.1 and following “Vlaamse Codex Fiscaliteit”).

<table>
<thead>
<tr>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>A car has a four-cylinder engine with an internal diameter of 76 mm. Its piston stroke is 80 mm. The cylinder capacity is therefore 1.5 litre. The fiscal power, expressed in HP, is:</td>
</tr>
</tbody>
</table>

\[
HP = 4 \times \text{cylinder capacity (in litre)} + \frac{\text{weight (in 100 kg)}}{4}
\]

For that car, the second term in the formula is replaced by a coefficient which varies according to the cylinder capacity. For a cylinder capacity of 1.5 litre, the coefficient is equal to 2.00. The fiscal rating in HP amounts therefore for that car to:

\[
4 \times 1.5 + 2.00 = 8.00, \text{ i.e. } 8 \text{ HP}.
\]

With respect to the greening (since 2016) of the circulation tax for motor cars, twin-purpose cars and minibuses, the environmental characteristics of the road vehicles are also taken into consideration in addition to the engine power. An ecobonus or an ecomalus applies according to the fuel type, CO₂ emissions and the Euro standard. The presence of a particulate filter is also taken into consideration (cf. also 8.1.2.E.1.b).
Part II: Indirect taxation

D. Indexation of the tariffs

A number of tariffs are adjusted on 1 July of each year according to a determined calculation method, on the basis of the fluctuations of the general consumer price index (Art. 2.2.4.0.3 “Vlaamse Codex Fiscaliteit”).

In particular, these are the tariffs for the following vehicles:

1° motor cars, twin-purpose cars, minibuses, some motor vehicles having a gross vehicle weight rating not exceeding 3,500 kg, hearses, self-propelled agricultural tractors and self-propelled tractors (cf. also 8.1.2.E.2 hereafter), and the specific minimum tax applicable to those vehicles (cf. also 8.1.2.E.1.b hereafter);
2° motorcycles;
3° coaches and buses (the minimum rate only);
4° trailers and semi-trailers with a gross vehicle weight rating not exceeding 3,500 kg;
5° vehicles which are more than 30 years old (for tax years 2017, 2018, 2019, 2020 and 2021, they must have been put into service for respectively more than 25, 26, 27, 28 and 29 years), camping trailers and trailers for the transportation of one boat, collectors’ military vehicles which are more than 30 years old, as well as the minimum rate generally applicable.
6° vehicles running on LPG or on other liquefied gaseous hydrocarbons: amount of the tax credit (cf. also 8.1.2.F hereafter).

E. Tariffs

Where the tariffs are indexed, the amounts mentioned hereafter, irrespective of any changes in the law which may occur meanwhile, are applicable from 1 July 2017 till 30 June 2018.

1. Motor cars, twin-purpose vehicles and minibuses

a. Vehicles registered on 31 December 2015 at the latest in the directory of the Directorate-General for Mobility and Road Safety

The tax is mentioned in the table hereafter.

<table>
<thead>
<tr>
<th>HP</th>
<th>Tax in euro (without surcharges, see 8.1.2-H)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 or less</td>
<td>73.20</td>
</tr>
<tr>
<td>5</td>
<td>91.56</td>
</tr>
<tr>
<td>6</td>
<td>132.48</td>
</tr>
<tr>
<td>7</td>
<td>173.04</td>
</tr>
<tr>
<td>8</td>
<td>213.96</td>
</tr>
<tr>
<td>9</td>
<td>254.88</td>
</tr>
<tr>
<td>10</td>
<td>295.32</td>
</tr>
<tr>
<td>11</td>
<td>383.28</td>
</tr>
<tr>
<td>12</td>
<td>471.24</td>
</tr>
<tr>
<td>13</td>
<td>558.96</td>
</tr>
<tr>
<td>14</td>
<td>646.92</td>
</tr>
<tr>
<td>15</td>
<td>734.76</td>
</tr>
<tr>
<td>16</td>
<td>962.52</td>
</tr>
<tr>
<td>17</td>
<td>1,190.40</td>
</tr>
<tr>
<td>18</td>
<td>1,418.28</td>
</tr>
<tr>
<td>19</td>
<td>1,645.56</td>
</tr>
<tr>
<td>20</td>
<td>1,873.32</td>
</tr>
<tr>
<td>for each additional HP above 20 HP</td>
<td>102.12</td>
</tr>
</tbody>
</table>
b. Vehicles registered after 31 December 2015 in the directory of the Directorate-General for Mobility and Road Safety

The tax is based on the table above but, considering the greening of the circulation tax, it is modulated according to the following elements (art. 2.2.4.0.1 §2/1):

1° CO₂ emissions of the vehicle

The tariff is:
- increased by 0.30% for each gramme CO₂ emitted by kilometre higher than 122 grams and lower than or equal to 500 grams;
- reduced by 0.30% for each gramme CO₂ emitted by kilometre lower than 122 grams but higher than 24 grams.

2° the Euro standard, the fuel type and, as appropriate, the presence of a particulate filter. The tariff is increased or reduced according to the table hereafter:

<table>
<thead>
<tr>
<th>Euro standard</th>
<th>Petrol and other fuels</th>
<th>Diesel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Euro 0</td>
<td>+30%</td>
<td>+50%</td>
</tr>
<tr>
<td>Euro 1</td>
<td>+10%</td>
<td>+40%</td>
</tr>
<tr>
<td>Euro 2</td>
<td>+5%</td>
<td>+35%</td>
</tr>
<tr>
<td>Euro 3</td>
<td>0%</td>
<td>+30%</td>
</tr>
<tr>
<td>Euro 3 + particulate filter</td>
<td>not applicable</td>
<td>+25%</td>
</tr>
<tr>
<td>Euro 4</td>
<td>-12.5%</td>
<td>+25%</td>
</tr>
<tr>
<td>Euro 4 + particulate filter</td>
<td>not applicable</td>
<td>+17.5%</td>
</tr>
<tr>
<td>Euro 5 or EEV</td>
<td>-15%</td>
<td>+17.5%</td>
</tr>
<tr>
<td>Euro 6</td>
<td>-15%</td>
<td>+15%</td>
</tr>
</tbody>
</table>

Moreover, if this modulated legislation regarding circulation tax applies, the minimum tax, which generally applies, does no longer applies (cf. point 7 hereafter). As a result, a specific minimum lump sum tax of 41.64 euro (= amount exclusive of surcharges) applies, but only in this case (Art. 2.2.4.0.1, §2/1, paragraph 2, “Vlaamse Codex Fiscaliteit”).

The greened legislation described in this point b only applies to road vehicles belonging to natural persons and to other legal persons than companies, autonomous public undertakings and non-profit organisations, engaged in leasing activities.

2. MOTOR VEHICLES INTENDED FOR THE CARRIAGE OF GOODS, HAVING A GROSS VEHICLE WEIGHT RATING NOT EXCEEDING 3,500 KG, HEARSES, SELF-PROPELLED AGRICULTURAL TRACTORS AND SELF-PROPELLED TRACTORS, OTHER THAN THOSE MENTIONED UNDER POINT 5

19.32 euro per 500 kg of gross vehicle weight rating (+ surcharges, see 8.1.2-H), with application of the minimum tax amounting to 33.21 euro (36.53 euro, surcharges included) for the first 0-500 kg bracket.

With respect to motor vehicles intended for the carriage of goods, hearses, self-propelled agricultural tractors and self-propelled tractors (where those vehicles do not fall under point 5 hereafter), registered after 30 June 2017 in the directory of the Directorate-General for Mobility and Road Safety and having a GVWR not exceeding 2,500 kg, the tax amounts to 19.32 euro per 500 kg GVWR (amount exclusive of surcharges) after application of the following modulation:
The tariff is:

1° according to CO$_2$ emissions
- increased by 0.30% per gram CO$_2$ per kilometre higher than 122 grams and lower than or equal to 500 grams;
- reduced by 0.30% per gram CO$_2$ per kilometre lower than 122 grams but higher than 24 grams.

2° adjusted according to the Euro standard, the fuel type and, as appropriate, the presence of a particulate filter. The tariff is thus increased or reduced according to the table hereafter:

<table>
<thead>
<tr>
<th>Euro standard</th>
<th>Petrol and other fuels</th>
<th>Diesel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Euro 0</td>
<td>+30%</td>
<td>+50%</td>
</tr>
<tr>
<td>Euro 1</td>
<td>+10%</td>
<td>+40%</td>
</tr>
<tr>
<td>Euro 2</td>
<td>+5%</td>
<td>+35%</td>
</tr>
<tr>
<td>Euro 3</td>
<td>0%</td>
<td>+30%</td>
</tr>
<tr>
<td>Euro 3 + particulate filter</td>
<td>Not applicable</td>
<td>+25%</td>
</tr>
<tr>
<td>Euro 4</td>
<td>-12.5%</td>
<td>+25%</td>
</tr>
<tr>
<td>Euro 4 + particulate filter</td>
<td>Not applicable</td>
<td>+17.5%</td>
</tr>
<tr>
<td>Euro 5 or EEV</td>
<td>-15%</td>
<td>+17.5%</td>
</tr>
<tr>
<td>Euro 6</td>
<td>-15%</td>
<td>+15%</td>
</tr>
</tbody>
</table>

A specific minimum lump sum tax amounting to **41.64** euro (amount exclusive of surcharges) also applies (Art. 2.2.4.0.1, § 3/1, paragraph 2, “Vlaamse Codex Fiscaliteit”).

With respect to motor vehicles intended for the carriage of goods, hearses, self-propelled agricultural tractors and self-propelled tractors (where those vehicles do not fall under point 5 hereafter), registered after 30 June 2017 in the directory of the Directorate-General for Mobility and Road Safety and having a GVWR exceeding 2,500 kg without exceeding 3,500 kg, the tax amounts to 19.32 euro per 500 kg GVWR (amount exclusive of surcharges) after application of the following modulation.

According to the Euro standard of the vehicle and, as appropriate, the presence of a particulate filter, the tariff is increased by a percentage according to the table hereafter:

<table>
<thead>
<tr>
<th>Euro standard</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Euro 0</td>
<td>+35%</td>
</tr>
<tr>
<td>Euro 1</td>
<td>+25%</td>
</tr>
<tr>
<td>Euro 2</td>
<td>+20%</td>
</tr>
<tr>
<td>Euro 3</td>
<td>+15%</td>
</tr>
<tr>
<td>Euro 3 + particulate filter</td>
<td>+10%</td>
</tr>
<tr>
<td>Euro 4</td>
<td>+10%</td>
</tr>
<tr>
<td>Euro 4 + particulate filter</td>
<td>+2.5%</td>
</tr>
<tr>
<td>Euro 5 or EEV</td>
<td>+2.5%</td>
</tr>
<tr>
<td>Euro 6</td>
<td>0%</td>
</tr>
</tbody>
</table>

A specific minimum lump sum tax of **41.64** euro (amount exclusive of surcharges) also applies in this case (Art. 2.2.4.0.1, § 3/2, paragraph 3, “Vlaamse Codex Fiscaliteit”).
Both greened tariffs described above only apply to vehicles belonging to natural persons and other legal persons than companies, autonomous public undertakings and non-profit organisations, engaged in leasing activities.

3. **Motorcycles**

Uniform **51.84 euro** tax (+ surcharges, see 8.1.2-H, i.e. a total amount of 57.02 euro). Where the cylinder capacity does not exceed 250 cm³, an exemption from circulation tax is granted.

4. **Coach and buses**

- if \( \leq 10 \) HP: **4.44 euro** per HP with a minimum of **73.48 euro** (+ surcharges; see 8.1.2-H, i.e. a total amount of 80.83 euro).
- if > 10 HP: **4.44 euro** per HP + **0.24 euro** per HP above 10 HP, with a maximum rate of **12.48 euro** per HP (+ surcharges; see 8.1.2-H).

5. **Motor vehicles or compound vehicles intended for the carriage of goods**

The tax on motor vehicles and on all vehicles intended for the carriage of goods, with a gross vehicle weight rating (GVWR) exceeding 3.5 tonnes but lower than 12 tonnes, amounts to 0 euro (and the minimum tax does not apply in this case) (Art. 2.2.4.0.1, § 6 and Art. 2.2.4.0.2, § 2, “Vlaamse Codex Fiscaliteit”).

If the gross vehicle weight rating (GVWR) of those vehicles exceeds 12 tonnes, the tax amounts are based on tax scales taking into consideration the GVWR, the number of axles and the nature of the suspension (on the one hand driving axles with a pneumatic suspension or a suspension recognised as equivalent, and on the other hand the other suspension systems).

Where a self-propelled motor vehicle is concerned, the GVWR to be taken into account is its own GVWR; where a compound vehicle is concerned, the GVWR to be taken into consideration is the sum of the GVWRs of the vehicles making up the compound vehicle.

There are 78 tariff categories in total (surcharges already included – see 8.1.2-H):

- **Self-propelled motor vehicles**
  
  I. Motor vehicle with not more than two axles (8 categories, tariffs varying from 0 euro to 274 euro)
  
  II. Motor vehicle with three axles (12 categories, tariffs varying from 31 euro to 345 euro)
  
  III. Motor vehicle with four axles (10 categories, tariffs varying from 144 euro to 537 euro)

- **Compound vehicles**
  
  IV. Motor vehicle with not more than two axles and trailer or semi-trailer with a single axle (16 categories, tariffs varying from 0 euro to 307 euro)
  
  V. Motor vehicle with two axes and trailer or semi-trailer with two axes (16 categories, tariffs varying from 30 euro to 706 euro)
  
  VI. Motor vehicle with two axes and trailer or semi-trailer with three axes (4 categories, tariffs varying from 370 euro to 700 euro)
  
  VII. Motor vehicle with three axes and trailer or semi-trailer with not more than two axles (6 categories, tariffs varying from 327 euro to 929 euro)
  
  VIII. Motor vehicle with three axes and trailer or semi-trailer with three axes (6 categories, tariffs varying from 186 euro to 535 euro)
Part II : Indirect taxation

Taxes assimilated to income taxes

Examples (surcharges already included)

1. Two-axled truck with a GVWR of 13,000 kg: 31 euro when pneumatic suspension and 86 euro when not;
2. Three-axled truck with a GVWR of 20,000 kg: 111 euro when pneumatic suspension and 144 euro when not;
3. Four-axled truck with a GVWR of 25,000 kg: 146 euro when pneumatic suspension and 228 euro when not;
4. Five-axled truck with a GVWR of 30,000 kg: 0 euro considering that no specific tariff has been fixed for self-propelled motor vehicles with more than four axles;
5. Two-axled tractor and single-axled semi-trailer with a GVWR of 20,000 kg: 32 euro when pneumatic suspension and 75 euro when not;
6. Two-axled truck and two-axled trailer with a GVWR of 30,000 kg: 204 euro when pneumatic suspension and 335 euro when not;
7. Three-axled tractor and two-axled semi-trailer with a GVWR of 43,000 kg: 628 euro when pneumatic suspension and 929 euro when not;
8. Three-axled tractor and three-axled semi-trailer with a GVWR of 43,000 kg: 336 euro when pneumatic suspension and 535 euro when not.

6. Trailers and semi-trailers with a gross vehicle weight rating (GVWR) not exceeding 3,500 kg

34.20 euro (+ surcharges, i.e. a total amount of 37.62 euro) when GVWR not exceeding 500 kg;
71.16 euro (+ surcharges, i.e. a total amount of 78.28 euro) when GVWR exceeding 500 kg and not exceeding 3,500 kg.

There is an exemption from circulation tax for trailers and semi-trailers with a gross vehicle weight rating of 750 kg or lower, towed exclusively by motor cars, twin-purpose cars, minibuses, ambulances, motorcycles, light trucks, motorhomes, buses or coaches.

This exemption only applies to taxpayers who are natural persons or other legal persons than companies, autonomous public undertakings and non-profit organisations, engaged in leasing activities.

N.B.: Camping trailers and trailers for the transportation of one boat remain liable to the fixed-rate charge (see point 7 hereafter).

7. Vehicles liable to a fixed-rate charge

This tax amounts to 33.21 euro (+ surcharges, i.e. a total amount of 36.53 euro) and is levied on:
- vehicles which have been put into service since more than 30 years;
  The following transitional system applies to thoses vehicles: for tax years 2017, 2018, 2019, 2020 and 2021, they must have been put into service for respectively more than 25, 26, 27, 28 and 29 years to be entitled to this tariff.
- camping trailers and trailers for the transportation of one boat.

The minimum rate on all vehicles liable to circulation tax amounts to 33.21 euro (+ surcharges, i.e. a total amount of 36.53 euro).

However, the minimum tax amounts to 41.64 euro (to be increased by the surcharges, i.e. a total amount of 45.80 euro) for motor cars, twin-purpose cars and minibuses registered after...
Part II : Indirect taxation

31 December 2015 in the directory of the Directorate-General for Mobility and Road Safety on the one hand and, on the other hand, motor vehicles intended for the carriage of goods, hearses, self-propelled agricultural tractors and self-propelled tractors (where those vehicles do not fall under point 5 above), registered after 30 June 2017 in the directory mentioned above, by natural persons and other legal persons than companies, autonomous public undertakings and non-profit organisations, engaged in leasing activities.

This minimum tax does not apply to motor vehicles or compound vehicles, with a GVWR exceeding 3.5 tonnes, intended for the carriage of goods.

8. MOTORHOMES

<table>
<thead>
<tr>
<th>Gross vehicle weight rating (GVWR) in kg</th>
<th>Tax in euro (excl. surcharge)</th>
</tr>
</thead>
<tbody>
<tr>
<td>from 0 to 1,500</td>
<td>84</td>
</tr>
<tr>
<td>1,501 to 3,500</td>
<td>120</td>
</tr>
<tr>
<td>3,501 to 7,999</td>
<td>132</td>
</tr>
<tr>
<td>8,000 to 10,999</td>
<td>168</td>
</tr>
<tr>
<td>11,000 and more</td>
<td>264</td>
</tr>
</tbody>
</table>

These tariffs must still be increased by the surcharge. They only apply to natural persons and to other legal persons than companies, autonomous public undertakings and non-profit organisations, engaged in leasing activities. These vehicles do not entitle for an exemption.

F. Tax abatements

In certain cases (Art. 2.2.5.0.1 and following “Vlaamse Codex Fiscaliteit”) and provided certain well defined conditions are met, the following abatements can be granted:

a. abatement for long time utilisation of the vehicles (only for certain vehicles used exclusively for paid conveyance of passengers);
b. abatement for exclusive use within the confines of a port (only for certain vehicles used exclusively for transportation of goods or of any objects);
c. abatement for car fleets (only for certain vehicles used exclusively for paid conveyance of passengers);
d. abatement for vehicles running on LPG or other liquefied gaseous hydrocarbons, even if only partly or temporarily. Where this abatement amounting to **104.04 euro** (indexed amount) applies, no minimum tax applies and the circulation tax can therefore be reduced to 0 euro.

The legislation described in point d above only applies to road vehicles, light trucks, hearses and self-propelled tractors (where those vehicles do not fall under point E-5 above) belonging to natural persons and other legal persons than companies, autonomous public undertakings and non-profit organisations, engaged in leasing activities.
G. **Additional circulation tax (ACT)**

The additional circulation tax is dealt with in Art. 2.2.4.0.4 “Vlaamse Codex Fiscaliteit”.

This tax is levied on all cars, twin-purpose cars and minibuses equipped with an LPG installation. The amounts depend on the fiscal power of the vehicle (HP):

- max. 7 HP : 89.16 euro
- from 8 to 13 HP : 148.68 euro
- more than 13 HP : 208.20 euro

Where the vehicle is exempted from circulation tax, it is also exempted from the additional circulation tax, except in certain cases (i.a. ambulances, cars used for private purpose by badly disabled war veterans or by handicapped persons, vehicles used exclusively as taxis, etc.). The yearly indexation (see 8.1.2-D) does **not** apply to the ACT and **no** municipal surcharge (see 8.1.2-H) is levied.

H. **Surcharge in favour of the municipalities**

This surcharge applies to all vehicles liable to the circulation tax (Art. 2.2.4.0.5 “Vlaamse Codex Fiscaliteit”), except:

a. to vehicles which are exclusively used for paid conveyance of passengers by virtue of a license to supply not regularly scheduled transportation;
b. to vehicles for which an abatement of the circulation tax was granted for exclusive use within the confines of a port;

Unlike the other tariffs mentioned in the “Vlaamse Codex Fiscaliteit”, surcharges are already included in the amounts applicable to motor vehicles or compound vehicles, with a maximum allowable mass of 12 tonnes or more and intended for the carriage of goods, as laid down in Art. 2.2.4.0.1, § 6, paragraph 2, “Vlaamse Codex Fiscaliteit”.

**Examples**

After addition of the surcharge and assuming that the vehicle has been registered on 31 December 2015 at the latest in the directory of the Directorate-General for Mobility and Road Safety, the circulation tax for the vehicle described in the example in 8.1.2-C. amounts to:

\[
213.96 \text{ euro} + 21.40 \text{ euro} = 235.36 \text{ euro}
\]

If this vehicle has been registered after 31 December 2015 and if it is a diesel car meeting the Euro 6 standard and with CO₂ emissions of 100 g/km, a CO₂ correction of -6.6%, i.e. \([0.3\% \times (100 - 122)]\), and an "air component" correction of 15% apply. Both corrections are recorded as a total correction of 8.4%. As a result, the circulation tax, surcharges included, amounts to 255.12 euro after rounding.

If this vehicle has been registered after 31 December 2015 and if it is a petrol car meeting the Euro 6 standard and with CO₂ emissions of 120 g/km, a CO₂ correction of -0.6%, i.e. \([0.3\% \times (120 - 122)]\), and an "air component" correction of -15% apply. Both corrections are recorded as a total correction of -15.6%. As a result, the circulation tax, surcharges included, amounts to 198.65 euro after rounding.

In any case, the additional circulation tax (see 8.1.2-G) must possibly be added.
8.2. The tax on the entry into service (TES)

Preliminary remark:

Since 1 January 2011, only the Flemish Region is competent to service the tax on the entry into service for natural persons domiciled therein or legal persons having their registered office there.

Since 1 January 2014, only the Walloon Region is competent to service the tax on the entry into service for natural persons domiciled therein or legal persons having their registered office there.

As far as the Brussels-Capital Region is concerned, the FPS Finance remains competent to service this tax.

8.2.1. Walloon Region and Brussels-Capital Region

A. Taxable vehicles

The tax on the entry into service is levied on:

- motor cars, twin-purpose vehicles, minibuses and motorcycles (including motor vehicles described as/called “light trucks” in the legislation regarding the registration of motor vehicles, but which do not meet the fiscal definition of “light trucks”, cf. 8.1.1-A above);
- airplanes, seaplanes, helicopters, gliders, balloons and certain other aircraft;
- yachts and pleasure sea-craft of a length exceeding 7.5 metres, when these craft must have a certificate of registry;

when these road vehicles, aircraft or boats are entered into service on public roads or when they are used in Belgium (cf. Art. 94 CTA). The fiscal debt arises at the moment of the entry into service, which is determined in a different way in the case of a road vehicle, an aircraft or a boat (respectively registration in the directory of the Office of Traffic, registration by the Aviation Board and delivery of the certificate of registry by the Navy and Inland Navigation Administration).

The tax is due once, upon the first entry into service on public roads of the vehicle or the first use of the aircraft or the boat, in the name of one well-determined person. So, if the same vehicle is entered into service again under another person’s name, TES is due again.

This tax is not due however in the case of a transfer between spouses or in the case of a transfer between divorcees where the transfer is due to the divorce, provided the tax on the entry into service due on the road vehicle, aircraft or boat has been fully paid by the assignor.

Moreover, in the Walloon Region, the exemption also applies, under the same conditions of previous payment by the assignor, to legal cohabitants or ex-legal cohabitants, where the transfer is due to the termination of the legal cohabitation.
Part II: Indirect taxation

In this Region, “legal cohabitant” and “termination of legal cohabitation” are defined as follows:
- “legal cohabitant”: any person living together with the holder of the old registration on the day of the new registration and having made a declaration of legal cohabitation in accordance with the regulations of Book III, Title Vbis of the Civil Code, with the exception of two persons cohabiting as defined above and having a father-mother/child, brother/sister or uncle-aunt/nephew-niece relationship, and provided the declaration of legal cohabitation was registered more than one year before the date of the new registration;
- “termination of legal cohabitation”: the end of the state of legal cohabitation following a declaration of termination of legal cohabitation, made in accordance with article 1476 § 2 of the Civil Code.

B. Exemptions

The exemptions are listed in Art. 96 CTA and concern notably:
   a. aircraft and boats used exclusively by a public service of the State or other public authorities;
   b. vehicles used exclusively for the transportation of ill or wounded persons and, as regards road vehicles, registered as ambulances;
   c. vehicles used as a personal means of transport by badly disabled war veterans and certain handicapped persons.

C. Tax base

For road vehicles the tax is due on the basis of their engine power, expressed either in fiscal HP or in kilowatt (kW).

For aircraft and boats the tax is a fixed-rate charge.

For all these means of transport the tax depends also, however, on the period elapsed since the first entry into service.
Part II: Indirect taxation

D. Rates

Remark

For any taxable vehicle, only one payment request will be sent. This will mention the amount to be paid as well for the circulation tax as, if need be, for the additional circulation tax and for the tax on the entry into service.

1. MOTOR CARS, TWIN-PURPOSE VEHICLES, MINIBUSES AND MOTORCYCLES

<table>
<thead>
<tr>
<th>HP</th>
<th>kW</th>
<th>Tax in euro</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 to 8</td>
<td>0 to 70</td>
<td>61.50</td>
</tr>
<tr>
<td>9 and 10</td>
<td>71 to 85</td>
<td>123.00</td>
</tr>
<tr>
<td>11</td>
<td>86 to 100</td>
<td>495.00</td>
</tr>
<tr>
<td>12 to 14</td>
<td>101 to 110</td>
<td>867.00</td>
</tr>
<tr>
<td>15</td>
<td>111 to 120</td>
<td>1,239.00</td>
</tr>
<tr>
<td>16 and 17</td>
<td>121 to 155</td>
<td>2,478.00</td>
</tr>
<tr>
<td>More than 17</td>
<td>More than 155</td>
<td>4,957.00</td>
</tr>
</tbody>
</table>

If the power of a given engine expressed in fiscal HP and in kW causes a different amount of TES to be levied, TES is due on the largest amount.

Vehicles having been registered previously in this country or, prior to their final importation, abroad, are entitled to a reduction in TES which is proportional to the number of entire years elapsed between the first registration and the new registration. After the 15th year elapsed between the first registration and the new registration, they are taxed at a flat rate.

<table>
<thead>
<tr>
<th>Period elapsed since first registration</th>
<th>The tax is reduced to the following percentage of the amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year to &lt; 2 years</td>
<td>90%</td>
</tr>
<tr>
<td>2 years to &lt; 3 years</td>
<td>80%</td>
</tr>
<tr>
<td>3 years to &lt; 4 years</td>
<td>70%</td>
</tr>
<tr>
<td>4 years to &lt; 5 years</td>
<td>60%</td>
</tr>
<tr>
<td>5 years to &lt; 6 years</td>
<td>55%</td>
</tr>
<tr>
<td>6 years to &lt; 7 years</td>
<td>50%</td>
</tr>
<tr>
<td>7 years to &lt; 8 years</td>
<td>45%</td>
</tr>
<tr>
<td>8 years to &lt; 9 years</td>
<td>40%</td>
</tr>
<tr>
<td>9 years to &lt; 10 years</td>
<td>35%</td>
</tr>
<tr>
<td>10 years to &lt; 11 years</td>
<td>30%</td>
</tr>
<tr>
<td>11 years to &lt; 12 years</td>
<td>25%</td>
</tr>
<tr>
<td>12 years to &lt; 13 years</td>
<td>20%</td>
</tr>
<tr>
<td>13 years to &lt; 14 years</td>
<td>15%</td>
</tr>
<tr>
<td>14 years to &lt; 15 years</td>
<td>10%</td>
</tr>
<tr>
<td>at least 15 years</td>
<td>61.50 euro (flat rate)</td>
</tr>
</tbody>
</table>

After the reduction has been applied the tax cannot, however, be less than 61.50 euro.

Tax reduction

Vehicles running on LPG, even if only partly or occasionally, are entitled to a 298.00 euro reduction in TES. The reduction cannot exceed the amount of the tax due, however.
Part II: Indirect taxation

Taxes assimilated to income taxes

Example

A car has an engine of 11 HP and a power of 110 kW. Upon the first entry into service, the tax amounts to 867.00 euro on this car (the power in kW results in a higher amount than the power in fiscal HP). Upon registration 15 months after the first registration (i.e. between 1 year and less than two years) the tax amounts to 867.00 euro x 90% = 780.30 euro. Upon registration 7 years after the first registration, the tax on the entry into service amounts to 867.00 euro x 45% = 390.15 euro.

If this car runs on LPG, the tax amounts to 867.00 euro - 298.00 euro = 569.00 euro upon the first entry into service. Upon registration 15 months after the first registration, the tax amounts to (867.00 euro - 298.00 euro) x 90% = 512.10 euro.

2. AIRCRAFT

A fixed-rate amount of 619 euro for ultra-light motorised aircraft and 2,478 euro for the others.

If these aircraft have already been normally registered previously during at least one year either in this country or abroad before their final importation, the tax is reduced according to the following table.

<table>
<thead>
<tr>
<th>Period elapsed since first registration</th>
<th>The tax is reduced to the following percentage of the amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year to &lt; 2 years</td>
<td>90%</td>
</tr>
<tr>
<td>2 years to &lt; 3 years</td>
<td>80%</td>
</tr>
<tr>
<td>3 years to &lt; 4 years</td>
<td>70%</td>
</tr>
<tr>
<td>4 years to &lt; 5 years</td>
<td>60%</td>
</tr>
<tr>
<td>5 years to &lt; 6 years</td>
<td>50%</td>
</tr>
<tr>
<td>6 years to &lt; 7 years</td>
<td>40%</td>
</tr>
<tr>
<td>7 years to &lt; 8 years</td>
<td>30%</td>
</tr>
<tr>
<td>8 years to &lt; 9 years</td>
<td>20%</td>
</tr>
<tr>
<td>9 years to &lt; 10 years</td>
<td>10%</td>
</tr>
<tr>
<td>at least 10 years</td>
<td>61.50 euro (flat rate) (1) (2)</td>
</tr>
</tbody>
</table>

(1) In the Brussels-Capital Region: if they are not considered as being put into service by companies, autonomous public undertakings and non-profit organisations, engaged in leasing activities, this amount also applies to paramotors and remotely piloted aircraft systems, regardless of their age.

(2) In the Walloon Region, this tariff also applies to paramotors, regardless of their age. If they are not considered as being put into service by companies, autonomous public undertakings and non-profit organisations, engaged in leasing activities, the 0% tariff applies in the Walloon Region to remotely piloted aircraft systems, regardless of their age.

Example

An ultra-light motorised aircraft is registered for the first time. The tax amounts to 619 euro. If a subsequent registration occurs 7.5 years after the first, the tax amounts to 619 euro x 30% = 185.70 euro. Upon a subsequent registration at least 10 years after the first, the tax amounts to 61.50 euro (flat rate).
Part II : Indirect taxation

3. **BOATS**

A fixed-rate amount of 2,478 euro.

If these boats have been previously provided with a certificate of registry either in this country or abroad before their final importation during at least one year, the tax is reduced according to the same scheme as for aircraft (see point 2 above).

<table>
<thead>
<tr>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>A boat receives a certificate for the first time. The tax amounts to 2,478 euro. If a subsequent delivery of a certificate occurs 9.5 years after the first, the tax amounts to 2,478 euro x 10% = 247.80 euro. Upon delivery of a certificate at least 10 years after the first, the tax amounts to 61.50 euro (flat rate).</td>
</tr>
</tbody>
</table>

E. **The ecomalus system in the Walloon Region**

This system is exclusively applicable to (new or used) motor cars and twin-purpose cars which are put into service in the Walloon Region, except those put into service in the same Region by companies, autonomous public undertakings and non-profit organisations, engaged in leasing activities. The ecomalus is a second component of the TES, in addition to the first component based on the engine power, expressed either in fiscal HP or in kilowatts (kW). It is ruled by articles 97 to 97quinquies of the Code of taxes assimilated to income taxes, applicable in the Walloon Region.

The emission category of the vehicle put into service determines the amount of the ecomalus. It is fixed on the basis of the CO₂ emission in g/km as fixed according to Directive 80/1268/EEC and is set out in Tabel I hereafter.

**TABLE I – EMISSION CATEGORIES FOR THE ECOMALUS**

<table>
<thead>
<tr>
<th>CO₂ emissions in g/km</th>
<th>Emission category</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 98</td>
<td>1</td>
</tr>
<tr>
<td>99 – 104</td>
<td>2</td>
</tr>
<tr>
<td>105 – 115</td>
<td>3</td>
</tr>
<tr>
<td>116 – 125</td>
<td>4</td>
</tr>
<tr>
<td>126 – 135</td>
<td>5</td>
</tr>
<tr>
<td>136 – 145</td>
<td>6</td>
</tr>
<tr>
<td>146 – 155</td>
<td>7</td>
</tr>
<tr>
<td>156 – 165</td>
<td>8</td>
</tr>
<tr>
<td>166 – 175</td>
<td>9</td>
</tr>
<tr>
<td>176 – 185</td>
<td>10</td>
</tr>
<tr>
<td>186 – 195</td>
<td>11</td>
</tr>
<tr>
<td>196 – 205</td>
<td>12</td>
</tr>
<tr>
<td>206 – 215</td>
<td>13</td>
</tr>
<tr>
<td>216 – 225</td>
<td>14</td>
</tr>
<tr>
<td>226 – 235</td>
<td>15</td>
</tr>
<tr>
<td>236 – 245</td>
<td>16</td>
</tr>
<tr>
<td>246 – 255</td>
<td>17</td>
</tr>
<tr>
<td>256 and more</td>
<td>18</td>
</tr>
</tbody>
</table>
As far as large families are concerned, i.e. families with at least three dependent children, the figure representing the emission category of the vehicle put into service is reduced by one for families with three dependent children and by two for families with at least four dependent children. Those deductions only apply to vehicles belonging to an emission category lower than 15.

For LPG vehicles, the figure representing the emission category of the vehicle put into service is reduced by one.

The amount of the ecomalus is mentioned in Table II hereafter.

TABLE II – AMOUNT OF THE ECOMALUS

<table>
<thead>
<tr>
<th>Figure representing the emission category of the motor vehicle recently put into service on the territory of the Walloon Region, after possible deduction</th>
<th>Ecomalus in euro</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>100</td>
</tr>
<tr>
<td>8</td>
<td>175</td>
</tr>
<tr>
<td>9</td>
<td>250</td>
</tr>
<tr>
<td>10</td>
<td>375</td>
</tr>
<tr>
<td>11</td>
<td>500</td>
</tr>
<tr>
<td>12</td>
<td>600</td>
</tr>
<tr>
<td>13</td>
<td>700</td>
</tr>
<tr>
<td>14</td>
<td>1,000</td>
</tr>
<tr>
<td>15</td>
<td>1,200</td>
</tr>
<tr>
<td>16</td>
<td>1,500</td>
</tr>
<tr>
<td>17</td>
<td>2,000</td>
</tr>
<tr>
<td>18</td>
<td>2,500</td>
</tr>
</tbody>
</table>

Remark

The ecomalus amounts to 0 euro for cars and twin-purpose cars which have been in service for more than 30 years and which hold one of the special number plates referred to in article 4, § 2, of the Ministerial Decree of 23 June 2001 relating to vehicle registration.

Examples

1. A motor vehicle with an emission of 169 g/km (emission category 9) is put into service. The ecomalus amounts to 250 euro.

2. A large family with four dependent children puts a LPG vehicle with an emission of 210 g/km into service. The emission category is equal to 13, reduced in this case to category 10 (= 13-2 (large family with more than three dependent children) -1 (LPG vehicle)). The ecomalus amounts to 375 euro.
8.2.2. Flemish Region

A. Taxable vehicles

The tax on the entry into service is levied on:

a. motor cars, twin-purpose vehicles, minibuses and motorcycles (including motor vehicles described as/called “light trucks” in the legislation regarding the registration of motor vehicles, but which do not meet the fiscal definition of “light trucks”, cf. 8.1.2-A above);

b. airplanes, seaplanes, helicopters, gliders, balloons and certain other aircraft;

c. yachts and pleasure sea-craft of a length exceeding 7.5 metres, when these craft must have a certificate of registry;

when these road vehicles, aircraft or boats are entered into service on public roads or when they are used in Belgium (cf. Art. 2.3.1.0.1 “Vlaamse Codex Fiscaliteit”). The fiscal debt arises at the moment of the entry into service, which is determined in a different way in the case of a road vehicle, an aircraft or a boat (respectively registration in the directory of the Directorate-General for Mobility and Road Safety, registration by the Directorate-General for Air Transport and delivery of the certificate of registry by the Federal Public Service Mobility).

The tax is due once, upon the first entry into service on public roads of the vehicle or the first use of the aircraft or the boat in the name of one well-determined person. So, if the same vehicle is entered into service again under another person’s name, TES is due again.

This tax is not due however in the case of a transfer between spouses or in the case of a transfer between divorcees where the transfer is due to the divorce, provided the tax on the entry into service due on the road vehicle, aircraft or boat has been fully paid by the assignor.

B. Exemptions

The exemptions are listed in Art. 2.3.6.0.1 to 2.3.6.0.3 of the “Vlaamse Codex Fiscaliteit” and concern notably:

a. aircraft and boats used exclusively by a public service of the State or other public authorities;

b. vehicles used exclusively for the transportation of ill or wounded persons and, as regards road vehicles, registered as ambulances;

c. vehicles used as a personal means of transport by badly disabled war veterans and certain handicapped persons;

d. vehicles exclusively powered by an electric engine or by hydrogen;

e. until 31 December 2020 included: vehicles running on natural gas, even if only partly or temporarily, inasmuch as the taxable power of the vehicle does not exceed 11 HP, and plug-in hybrids with CO₂ emissions not exceeding 50g/km. A plug-in hybrid is a vehicle powered by an electric engine and a combustion engine and for which electric power is provided to the electric engine by batteries that can be fully charged by a connection to an external power supply;

f. remotely piloted aircraft systems (RPAS).
The exemptions mentioned in points d and e only apply to road vehicles belonging to natural persons and other legal persons than companies, autonomous public undertakings and non-profit organisations, engaged in leasing activities.

C. **Tax base**

For motor cars, twin-purpose vehicles and minibuses that are deemed to be put into service in the Flemish Region, with the exception of motor cars, twin-purpose vehicles and minibuses that are deemed to be put into service by companies, autonomous public undertakings and non-profit organisations, engaged in leasing activities, the tax is computed on the basis of environmental characteristics.

These environmental characteristics are CO₂ emissions, the fuel type and environmental categories based on the Euro 0 to 6 standards. The presence of a particulate filter is also taken into consideration.

For the other taxable road vehicles (including motorcycles), the tax is computed on the basis of the engine power, expressed either in fiscal HP or in kilowatts (kW).

For aircraft and boats, the tax is a lump sum amount.

However, for all those means of transport, the tax also depends on the period of time elapsed after the first entry into service.

D. **Rates**

**Remark**

For any taxable vehicle, only one tax notice will be sent. This will mention the amount to be paid as well for the circulation tax as, if need be, for the additional circulation tax and for the tax on the entry into service.

1. **Motor cars, twin-purpose vehicles and minibuses, with the exception of leasing companies**

For motor cars, twin-purpose vehicles and minibuses that are deemed to be put into service in the Flemish Region, with the exception of motor cars, twin-purpose vehicles and minibuses that are deemed to be put into service by companies, autonomous public undertakings and non-profit organisations, engaged in leasing activities, the following rates apply:

\[
\text{TES in euro} = \left(\frac{(\text{CO}_2 \cdot f + x)}{246}\right)^6 \times 4500 + c) \times ACF
\]

where:

- \(\text{CO}_2\) = CO₂ emissions of the vehicle in g/km, such as measured during the approval of the vehicle in accordance with the European legislation in force;
- \(f\) = 0.88 for LPG vehicles, 0.93 for natural gas vehicles, 0.744 for vehicles powered by as well natural gas as petrol and insofar as they have been approved as petrol cars, and 1 for other vehicles;
Part II: Indirect taxation

Taxes assimilated to income taxes

\[x = \text{CO}_2\text{ correction factor according to technological developments. The } x \text{ value for 2018 amounts to } 27.0 \text{ g } \text{CO}_2/\text{km}. \text{ This value is yearly increased by } 4.5 \text{ g CO}_2/\text{km};\]

\[\text{ACF} = \text{age correction factor, determined on the basis of the age of the vehicle. The age of the vehicle is based on the date of the first registration of the vehicle in Belgium or abroad, as mentioned on the registration certificate. The ACF value is calculated on the basis of the following table:}\]

<table>
<thead>
<tr>
<th>Age of the vehicle</th>
<th>ACF value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 12 full months</td>
<td>100%</td>
</tr>
<tr>
<td>From 12 to 23 full months</td>
<td>90%</td>
</tr>
<tr>
<td>From 24 to 35 full months</td>
<td>80%</td>
</tr>
<tr>
<td>From 36 to 47 full months</td>
<td>70%</td>
</tr>
<tr>
<td>From 48 to 59 full months</td>
<td>60%</td>
</tr>
<tr>
<td>From 60 to 71 full months</td>
<td>50%</td>
</tr>
<tr>
<td>From 72 to 83 full months</td>
<td>40%</td>
</tr>
<tr>
<td>From 84 to 95 full months</td>
<td>30%</td>
</tr>
<tr>
<td>From 96 to 107 full months</td>
<td>20%</td>
</tr>
<tr>
<td>More than 107 full months</td>
<td>10%</td>
</tr>
</tbody>
</table>

\[c = \text{fixed price (air component) depending on the Euro standard (that indicates the harmfulness of exhaust fumes) and the fuel type, as shown in the tables below:}\]

<table>
<thead>
<tr>
<th>Diesel</th>
<th>Euro standard</th>
<th>Amounts in euro</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Euro 0</td>
<td>2,980.54</td>
</tr>
<tr>
<td></td>
<td>Euro 1</td>
<td>874.44</td>
</tr>
<tr>
<td></td>
<td>Euro 2</td>
<td>648.10</td>
</tr>
<tr>
<td></td>
<td>Euro 3</td>
<td>513.59</td>
</tr>
<tr>
<td></td>
<td>Euro 3 + particulate filter</td>
<td>486.21</td>
</tr>
<tr>
<td></td>
<td>Euro 4</td>
<td>486.21</td>
</tr>
<tr>
<td></td>
<td>Euro 4 + particulate filter</td>
<td>478.18</td>
</tr>
<tr>
<td></td>
<td>Euro 5</td>
<td>478.18</td>
</tr>
<tr>
<td></td>
<td>Euro 6</td>
<td>472.69</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Petrol and other fuels</th>
<th>Euro standard</th>
<th>Amounts in euro</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Euro 0</td>
<td>1,185.47</td>
</tr>
<tr>
<td></td>
<td>Euro 1</td>
<td>530.16</td>
</tr>
<tr>
<td></td>
<td>Euro 2</td>
<td>158.53</td>
</tr>
<tr>
<td></td>
<td>Euro 3</td>
<td>99.45</td>
</tr>
<tr>
<td></td>
<td>Euro 4</td>
<td>23.87</td>
</tr>
<tr>
<td></td>
<td>Euro 5</td>
<td>21.46</td>
</tr>
<tr>
<td></td>
<td>Euro 6</td>
<td>21.46</td>
</tr>
</tbody>
</table>

The TES cannot be lower than 43.71 euro and higher than 10,928.11 euro. The TES relating to road vehicles put into service for the first time at least 30 years ago, is equal to a lump sum amount of 43.71 euro. There is a transitional period for last mentioned vehicles. The tariff of 43.71 euro applies to tax years 2017, 2018, 2019, 2020 and 2021 if the vehicles concerned have been put into service for respectively more than 25, 26, 27, 28 and 29 years.
With respect to motor cars, twin-purpose vehicles and minibuses put into service by natural persons and other legal persons than companies, autonomous public undertakings and non-profit organisations, engaged in leasing activities, having a taxable power higher than 11 fiscal HP and running on natural gas, even if only partly or temporarily, the TES is reduced by 4,000 euro until 31 December 2020 included and, as appropriate, limited to the amount of the TES itself, but without applying the minimum tax (Art. 2.3.5.0.1 “Vlaamse Codex Fiscaliteit”).

The amounts of the “c” component (air component) and the minimum and maximum amounts of the TES are adjusted on 1 July of each year on the basis of fluctuations in the general consumer price index.

Examples

1. A diesel vehicle meeting the Euro 6 standard and with CO₂ emissions of 109 g/km, is put into service for the first time on 2 January 2018. The TES amounts to 601.17 euro.

2. A diesel vehicle is put into service again on 2 January 2018. It has the following characteristics: the vehicle was put into service for the first time on 10 July 2014, it meets the Euro 5 standard and its CO₂ emissions are equal to 104 g/km. The TES amounts to 406.56 euro.

3. A petrol vehicle meeting the Euro 6 standard and with CO₂ emissions of 127 g/km, is put into service for the first time on 2 January 2018. The TES amounts to 292.31 euro.

4. A petrol vehicle is put into service again on 2 January 2018. It has the following characteristics: the vehicle was put into service for the first time on 10 July 2014, it meets the Euro 5 standard and its CO₂ emissions are equal to 134 g/km. The TES amounts to 262.57 euro.

2. OTHER TAXABLE ROAD VEHICLES (INCLUDING MOTORCYCLES)

<table>
<thead>
<tr>
<th>HP</th>
<th>kW</th>
<th>Tax in euro</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 to 8</td>
<td>0 to 70</td>
<td>61.50</td>
</tr>
<tr>
<td>9 and 10</td>
<td>71 to 85</td>
<td>123.00</td>
</tr>
<tr>
<td>11</td>
<td>86 to 100</td>
<td>495.00</td>
</tr>
<tr>
<td>12 to 14</td>
<td>101 to 110</td>
<td>867.00</td>
</tr>
<tr>
<td>15</td>
<td>111 to 120</td>
<td>1,239.00</td>
</tr>
<tr>
<td>16 and 17</td>
<td>121 to 155</td>
<td>2,478.00</td>
</tr>
<tr>
<td>More than 17</td>
<td>More than 155</td>
<td>4,957.00</td>
</tr>
</tbody>
</table>

If the power of a given engine expressed in HP and in kW causes a different amount of TES to be levied, TES is due on the largest amount.

Vehicles having been registered previously in this country or, prior to their final importation, abroad, are entitled to a reduction in TES which is proportional to the number of entire years elapsed between the first registration and the new registration. After the 15th year elapsed between the first registration and the new registration, they are taxed at a flat rate.
Part II: Indirect taxation

Taxes assimilated to income taxes

The Tax Survey should not be considered as an administrative circular, no rights can be founded on it. January 2018 issue.

<table>
<thead>
<tr>
<th>Period elapsed since first registration</th>
<th>The tax is reduced to the following percentage of the amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year to &lt; 2 years</td>
<td>90%</td>
</tr>
<tr>
<td>2 years to &lt; 3 years</td>
<td>80%</td>
</tr>
<tr>
<td>3 years to &lt; 4 years</td>
<td>70%</td>
</tr>
<tr>
<td>4 years to &lt; 5 years</td>
<td>60%</td>
</tr>
<tr>
<td>5 years to &lt; 6 years</td>
<td>55%</td>
</tr>
<tr>
<td>6 years to &lt; 7 years</td>
<td>50%</td>
</tr>
<tr>
<td>7 years to &lt; 8 years</td>
<td>45%</td>
</tr>
<tr>
<td>8 years to &lt; 9 years</td>
<td>40%</td>
</tr>
<tr>
<td>9 years to &lt; 10 years</td>
<td>35%</td>
</tr>
<tr>
<td>10 years to &lt; 11 years</td>
<td>30%</td>
</tr>
<tr>
<td>11 years to &lt; 12 years</td>
<td>25%</td>
</tr>
<tr>
<td>12 years to &lt; 13 years</td>
<td>20%</td>
</tr>
<tr>
<td>13 years to &lt; 14 years</td>
<td>15%</td>
</tr>
<tr>
<td>14 years to &lt; 15 years</td>
<td>10%</td>
</tr>
<tr>
<td>at least 15 years</td>
<td>61.50 euro (flat rate)</td>
</tr>
</tbody>
</table>

After the reduction has been applied the tax cannot, however, be less than 61.50 euro.

**Tax reduction**

Vehicles running on LPG, even if only partly or occasionally, are entitled to a 298.00 euro reduction in TES. The reduction cannot exceed the amount of the tax due, however.

**Example**

A car has an engine of 11 HP and a power of 110 kW. Upon the first entry into service, the tax amounts to 867.00 euro on this car (the power in kW results in a higher amount than the power in fiscal HP). Upon registration 15 months after the first registration (i.e. between 1 year and less than two years) the tax amounts to 867.00 euro x 90% = 780.30 euro. Upon registration 7 years after the first registration, the tax on the entry into service amounts to 867.00 euro x 45% = 390.15 euro.

If this car runs on LPG, the tax amounts to 867.00 euro - 298.00 euro = 569.00 euro upon the first entry into service. Upon registration 15 months after the first registration, the tax amounts to (867.00 euro - 298.00 euro) x 90% = 512.10 euro.

3. **AIRCRAFT**

A fixed-rate amount of 619 euro for ultra-light motorised aircraft and 2,478 euro for the others.

If these aircraft have already been normally registered previously during at least one year either in this country or abroad before their final importation, the tax is reduced according to the following table.
## Part II: Indirect taxation

### Taxes assimilated to income taxes

<table>
<thead>
<tr>
<th>Period elapsed since first registration</th>
<th>The tax is reduced to the following percentage of the amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year to &lt; 2 years</td>
<td>90%</td>
</tr>
<tr>
<td>2 years to &lt; 3 years</td>
<td>80%</td>
</tr>
<tr>
<td>3 years to &lt; 4 years</td>
<td>70%</td>
</tr>
<tr>
<td>4 years to &lt; 5 years</td>
<td>60%</td>
</tr>
<tr>
<td>5 years to &lt; 6 years</td>
<td>50%</td>
</tr>
<tr>
<td>6 years to &lt; 7 years</td>
<td>40%</td>
</tr>
<tr>
<td>7 years to &lt; 8 years</td>
<td>30%</td>
</tr>
<tr>
<td>8 years to &lt; 9 years</td>
<td>20%</td>
</tr>
<tr>
<td>9 years to &lt; 10 years</td>
<td>10%</td>
</tr>
<tr>
<td>at least 10 years</td>
<td>61.50 euro (lump sum amount) (1)</td>
</tr>
</tbody>
</table>

(1) If they are not considered as being put into service by companies, autonomous public undertakings or non-profit organisations, engaged in leasing activities, this amount also applies to amateur-built aircraft and paramotors, regardless of the age of the aircraft.

### Example

An ultra-light motorised aircraft is registered for the first time. The tax amounts to 619 euro. If a subsequent registration occurs 7.5 years after the first, the tax amounts to 619 euro x 30% = 185.70 euro. Upon a subsequent registration at least 10 years after the first, the tax amounts to 61.50 euro (flat rate).

### Boats

A fixed-rate amount of 2,478 euro.

If these boats have been previously provided with a certificate of registry either in this country or abroad before their final importation during at least one year, the tax is reduced according to the same scheme as for aircraft (see B above).

### Example

A boat receives a certificate for the first time. The tax amounts to 2,478 euro. If a subsequent delivery of a certificate occurs 9.5 years after the first, the tax amounts to 2,478 euro x 10% = 247.80 euro. Upon delivery of a certificate at least 10 years after the first, the tax amounts to 61.50 euro (flat rate).
8.3. The kilometre tax

The kilometre tax is laid down by a series of European directives and provisions, by the federal law, by cooperation agreements between the three Regions and by regional decrees, ordinances and implementing measures.

In particular, as far as the Flemish Region is concerned, the kilometre tax is ruled by the decree of 3 July 2015 introducing the kilometre tax, abolishing the Eurovignette and modifying the Flemish Tax Code of 13 December 2013 on this matter.

As far as the Walloon Region is concerned, the tax is ruled by the decree of 16 July 2015 introducing a kilometre tax to be borne by heavy goods vehicles for the use of roads.

As far as the Brussels-Capital Region is concerned, the tax is ruled by the ordinance of 29 July 2015 introducing a kilometre tax in the Brussels-Capital Region on heavy goods vehicles intended to or used for the carriage by road of goods, to replace the Eurovignette.

Preliminary remark:

Each region is individually competent to service the kilometre tax on travelled vehicle-kilometres taxable in the region. A series of public tasks relating to the kilometre tax have been entrusted to the interregional body Viapass. A DBFMO contract has been entered into with a private partner for implementing the system and the collect of the kilometre tax has also been subcontracted to a private service provider.

8.3.1. Definition

The kilometre tax is levied for the use by a vehicle of a road to which the tax applies.

Those roads are listed:

- as far as the Flemish Region is concerned: in the annex to the decree of 3 July 2015 introducing the kilometre tax and abolishing the Eurovignette and modifying the Flemish Tax Code of 13 December 2013 on this matter. This list has been modified by the decree of 22 December 2017 as from 1 January 2018;
- as far as the Walloon Region is concerned: in the annex to the decision of 17 December 2015 approving the decision of the SOFICO management board of 10 June 2015 determining the tariff areas, the value of the basic tariff, the variables and the weighting factors used in the tariff formula for the kilometre tax introduced by the decree of 16 July 2015 introducing a kilometre tax to be borne by heavy goods vehicles for the use of roads;
- as far as the Brussels-Capital Region is concerned: in the annex to the ordinance of 29 July 2015 introducing a kilometre tax in the Brussels-Capital Region on heavy goods vehicles intended to or used for the carriage by road of goods, to replace the Eurovignette.
8.3.2. Taxable vehicles and roads

“Vehicle” means a motor vehicle or compound vehicle intended to or used for, exclusively or not, the carriage by road of goods and with a maximum allowable mass exceeding 3.5 tonnes. According to the circular on the matter, as from 1 January 2018, N1 class semi-trailer tractors with a body code BC and with a maximum allowable mass (MAM) equal to or lower than 3.5 tons but of which the MAM resulting from combination with a semi-trailer exceeds 3.5 tons, also fall under the material scope of the kilometre tax. As a result, for those vehicles, a One Board Unit (OBU) must be ordered from a service provider before using Belgian public roads.

All roads on the territory are subject to the tax, but a zero rate applies to some of them. In the Flemish Region, as from 1 January 2018, six tariff zones have been added to the list of roads subject to a rate exceeding 0.

8.3.3. Taxable base

The tax is based on the number of kilometres travelled by a vehicle and recorded via an electronic recording device in the vehicle.

8.3.4. Tariffs

The total amount of the kilometre tax is calculated by multiplying the tariff, expressed in eurocent per kilometre, applicable in a given region and in a given tariff area, by the kilometres travelled in the region and area in question by the vehicles liable to the kilometre tax. The sub-amounts calculated in this way are subsequently added per tariff area.

The tariff, expressed in eurocent per kilometre, is calculated by adding the following sub-components:

- the basic tariff of the kilometre tax, which is the same in all regions, amounting to 11.3 eurocent per kilometre;
- the tariff reduction or increase according to the vehicle’s weight categorie (cf. table hereafter). In the Brussels-Capital Region, this reduction or increase differs depending on whether the road is a motorway, a ring road or another type of road;
- a tariff increase depending on the external costs due to the vehicle (according to the Euro standard of the vehicle; also in this case, it differs in the Brussels-Capital Region depending on whether the road is a motorway or a ring road).

The number of kilometres travelled is calculated by reducing by 1.5% the number of kilometres recorded in order to make a correction for a potential inaccurate recording.
The table hereafter illustrates the tariffs after indexation (applicable from 1 July 2017 (1 January 2018 in the Walloon Region) to 30 June 2018), expressed in euro per kilometre, for all possible combinations of parameters:

<table>
<thead>
<tr>
<th>euro/km</th>
<th>Flemish Region, Walloon Region (excl. VAT), Brussels motorways</th>
<th>Brussels intra-urban territory (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&gt;3.5 t - &lt;12 t</td>
<td>≥12 t - ≤32 t</td>
</tr>
<tr>
<td>Euro 0</td>
<td>0.149</td>
<td>0.199</td>
</tr>
<tr>
<td>Euro 1</td>
<td>0.149</td>
<td>0.199</td>
</tr>
<tr>
<td>Euro 2</td>
<td>0.149</td>
<td>0.199</td>
</tr>
<tr>
<td>Euro 3</td>
<td>0.128</td>
<td>0.179</td>
</tr>
<tr>
<td>Euro 4</td>
<td>0.097</td>
<td>0.148</td>
</tr>
<tr>
<td>Euro 5 (2)</td>
<td>0.085</td>
<td>0.136</td>
</tr>
<tr>
<td>Euro 6 (3)</td>
<td>0.075</td>
<td>0.126</td>
</tr>
</tbody>
</table>

(1) Intra-urban territory: all other local and regional roads than motorways
(2) or EEV. Until 1 January 2018, this Euro 5 category was subject to the same tariff as the Euro 6 standard, but as from 1 January 2018, the increased tariff mentioned in the table has been applied.
(3) or more

Source: Viapass.

### 8.3.5. Exemptions

In each region, the following vehicles are exempted from the kilometre tax:
- vehicles exempted in another region;
- vehicles which are destined exclusively for purposes of national defence, civilian protection, fire service and the police, and which are identified as such;
- vehicles specially and exclusively equipped for medical purposes and which are identified as such;
- agricultural, horticultural or forestry vehicles only used to a limited extent on Belgian public roads and exclusively for agricultural, horticultural, fishing and forestry purposes.

### 8.3.6. Administrative fines

Until 1 January 2018, the amount of administrative fines was 1,000 euro. As from 1 January 2018, reduced and differentiated tariffs have been introduced for administrative fines depending on the severity and the category of the infringement; reduced fines are also possible in the case of a first or bona fide infringement.
8.4. Betting and gambling tax (BGT)

8.4.1. Flemish Region

The tax on betting and gambling is levied on the gross amount of the sums and/or stakes involved, or on the gross margin realised upon the bet or the gamble.

In the Flemish Region, the rates and tax bases of this tax are as follows:

<table>
<thead>
<tr>
<th>Nature of the betting and gambling activities</th>
<th>Tax base (in euro)</th>
<th>Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online betting and gambling activities (including horse-races, dog-races and sporting events)</td>
<td>Actual gross margin realised upon the bet or the gamble</td>
<td>11%</td>
</tr>
<tr>
<td>Betting and gambling activities via 0900 phone numbers, SMS messages, etc., with the exception of bets on horse-races, dog-races and sporting events</td>
<td>Gross amount of the sums involved</td>
<td>15%</td>
</tr>
<tr>
<td>Bets on horse-races, dog-races and sporting events taking place as well in Belgium as abroad</td>
<td>Actual gross margin realised upon the gamble</td>
<td>15%</td>
</tr>
<tr>
<td>Betting and gambling in casinos - baccara &quot;chemin de fer&quot; - roulette without zero</td>
<td>Bankers' winnings</td>
<td>5.3%</td>
</tr>
<tr>
<td></td>
<td>Punters' winnings</td>
<td>3%</td>
</tr>
<tr>
<td>Other casino games</td>
<td>Gross gaming proceeds: Up to € 865,000</td>
<td>33%</td>
</tr>
<tr>
<td></td>
<td>More than € 865,000</td>
<td>44%</td>
</tr>
<tr>
<td>Gaming machines assimilated to casino games, simultaneously operated by the organiser of casino games</td>
<td>Gross gaming proceeds:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>€ 0 - € 1,200,000.00</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>€ 1,200,000 - € 2,450,000</td>
<td>25%</td>
</tr>
<tr>
<td></td>
<td>€ 2,450,000 - € 3,700,000</td>
<td>30%</td>
</tr>
<tr>
<td></td>
<td>€ 3,700,000 - € 6,150,000</td>
<td>35%</td>
</tr>
<tr>
<td></td>
<td>€ 6,150,000 - € 8,650,000</td>
<td>40%</td>
</tr>
<tr>
<td></td>
<td>€ 8,650,000 - € 12,350,000</td>
<td>45%</td>
</tr>
<tr>
<td></td>
<td>€ 12,350,000 and more</td>
<td>50%</td>
</tr>
<tr>
<td>Other betting and gambling activities</td>
<td>Sums or stakes involved</td>
<td>15%</td>
</tr>
</tbody>
</table>

There are exemptions, e.g. exempted lotteries such as "Lotto", "Presto", "Subito", pigeon fanciers' shows during which money is only gambled by the owners of the registered pigeons, etc.
Part II : Indirect taxation

8.4.2. Walloon Region

Since 1 January 2010, only the Walloon Region is competent to service the tax on betting and gambling taking place on its territory. As far as the two other regions are concerned, the FPS Finance keeps on servicing this tax.

The tax on betting and gambling is levied on the gross amount of the sums and/or stakes involved or on the gross proceeds of betting and gambling activities accruing to the organiser.

In the Walloon Region, the rates and tax bases of this tax are as follows:

<table>
<thead>
<tr>
<th>Nature of the betting and gambling activities</th>
<th>Tax base (in euro)</th>
<th>Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Betting and gambling activities of which the sums or stakes are involved by means of electronic equipment for the processing and storage of data, which are entirely transmitted, conveyed and received by wire, by radio, by optical means or by other electromagnetic means</td>
<td>Actual gross margin realised upon the betting or gambling activity</td>
<td>11%</td>
</tr>
<tr>
<td>Bets on horse-races taking place in Belgium and abroad</td>
<td>Actual gross margin realised upon the bet</td>
<td>15%</td>
</tr>
<tr>
<td>Bets on dog-races taking place in Belgium and abroad</td>
<td>Actual gross margin realised upon the bet</td>
<td>15%</td>
</tr>
<tr>
<td>Bets on sporting events taking place in Belgium and abroad</td>
<td>Actual gross margin realised upon the bet</td>
<td>15%</td>
</tr>
<tr>
<td>Betting and gambling in casinos</td>
<td>Gross margin (difference between the sum of the stakes of the day and the gamers’ winnings) Punters’ winnings</td>
<td>11% 2.75%</td>
</tr>
<tr>
<td>- Card games except black-jack and texas hold’em poker and games using - even occasionally - dice or dominoes - roulette without zero</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automatic gaming machines placed in class I gambling establishments, as defined in the Law of 7 May 1999 relating to games of chance</td>
<td>Gross gaming proceeds:</td>
<td></td>
</tr>
<tr>
<td>from € 0.01 to € 1,200,000.00</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>from € 1,200,001.01 to € 2,450,000.00</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>from € 2,450,001.01 to € 3,700,000.00</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>from € 3,700,001.01 to € 6,150,000.00</td>
<td>35%</td>
<td></td>
</tr>
<tr>
<td>from € 6,150,001.01 to € 8,650,000.00</td>
<td>40%</td>
<td></td>
</tr>
<tr>
<td>from € 8,650,001.01 to € 12,350,000.00</td>
<td>45%</td>
<td></td>
</tr>
<tr>
<td>€ 12,350,000.01 and more</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>Poker games</td>
<td>Gross gaming proceeds where the casino takes part in the game, or the difference between the sum of the stakes of the day and the gamers’ winnings, where the casino does not take part in the game:</td>
<td></td>
</tr>
<tr>
<td>until € 1,360,000.00</td>
<td>33%</td>
<td></td>
</tr>
<tr>
<td>€ 1,360,000.01 and more</td>
<td>44%</td>
<td></td>
</tr>
<tr>
<td>Other casino games</td>
<td>Gross gaming proceeds:</td>
<td></td>
</tr>
<tr>
<td>until € 1,360,000.00</td>
<td>33%</td>
<td></td>
</tr>
<tr>
<td>€ 1,360,000.01 and more</td>
<td>44%</td>
<td></td>
</tr>
<tr>
<td>Other betting and gambling activities</td>
<td>Sums or stakes involved</td>
<td>11%</td>
</tr>
</tbody>
</table>

There are exemptions, e.g. exempted lotteries such as "Lotto", "Presto", "Subito", pigeon fanciers’ shows during which money is only gambled by the owners of the registered pigeons, etc.
8.4.3. Brussels-Capital Region

The tax on betting and gambling is levied on the gross amount of the sums and/or stakes involved, or on the gross margin realised upon the bet or the gamble.

In the Brussels-Capital Region, the rates and tax bases of this tax are as follows:

<table>
<thead>
<tr>
<th>Nature of the betting and gambling activities</th>
<th>Tax base</th>
<th>Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bets on horse-races, dog-races and sporting events taking place abroad</td>
<td>Actual gross margin realised upon the bet or the gamble</td>
<td>15%</td>
</tr>
<tr>
<td>Online betting and gambling activities (including horse-races, dog-races and sporting events)</td>
<td>Actual gross margin realised upon the bet or the gamble</td>
<td>11%</td>
</tr>
<tr>
<td>Betting and gambling activities via 0900 phone numbers, SMS messages, etc., with the exception of bets on horse-races, dog-races and sporting events</td>
<td>Gross amount of the sums involved</td>
<td>15%</td>
</tr>
<tr>
<td>Casino games:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Card games (with the exception of black jack and texas hold’em poker) and games using dice or dominoes</td>
<td>Actual gross margin realised upon the bet or the gamble</td>
<td>11%</td>
</tr>
<tr>
<td>Roulette without zero</td>
<td>Punters’ winnings</td>
<td>2.75%</td>
</tr>
<tr>
<td>Gross gaming proceeds up to € 1,360,000</td>
<td>33%</td>
<td></td>
</tr>
<tr>
<td>Gross gaming proceeds above € 1,360,000</td>
<td>44%</td>
<td></td>
</tr>
<tr>
<td>3. Other casino games, including black jack and texas hold’em poker</td>
<td>Gross gaming proceeds from automatic gaming machines assimilated to casino games</td>
<td></td>
</tr>
<tr>
<td>2. Automatic gaming machines assimilated to casino games</td>
<td>From € 0.00 to € 1,200,000.00</td>
<td>20%</td>
</tr>
<tr>
<td>From € 1,200,001.00 to € 2,450,000.00</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>From € 2,450,001.00 to € 3,700,000.00</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>From € 3,700,001.00 to € 6,150,000.00</td>
<td>35%</td>
<td></td>
</tr>
<tr>
<td>From € 6,150,001.00 to € 8,650,000.00</td>
<td>40%</td>
<td></td>
</tr>
<tr>
<td>From € 8,650,001.00 to € 12,350,000.00</td>
<td>45%</td>
<td></td>
</tr>
<tr>
<td>€ 12,350,001.00 and more</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>Stakes involved in pigeon fanciers’ shows</td>
<td>15%</td>
</tr>
<tr>
<td>Stakes involved in bird song contests</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stakes involved in pigeon shooting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stakes involved in popular entertainment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross amount of the sums involved in other non-specified betting and gambling activities, including “Roulette Saturne”, “Roulette Opta”, “petits coureurs”, etc.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

There are exemptions, e.g. exempted lotteries such as "Lotto", "Presto", "Subito", pigeon fanciers’ shows during which money is only gambled by the owners of the registered pigeons, etc.
Part II: Indirect taxation

8.5. Automatic gaming machine licence duty

Since 1 January 2010, only the Walloon Region is competent to service the duty on gaming machine licences installed on its territory. As far as the two other regions are concerned, the FPS Finance keeps on servicing this duty.

The annual flat rate tax on automatic gaming machines (AGM) is levied on automatic machines which are placed on the public highway, in places accessible to the public and in private clubs, irrespective of the fact that the entry to these circles is subjected to certain formalities or not.

The exemptions vary depending on the region.

The amount of the tax varies according to the category of the machine and the Region where it is placed.

There are five categories, from A to E. Theoretically, the classification of the machines in those categories can vary depending on the region, although the classification is currently still the same in the three regions and managed by the FPS Finance. The amounts of the tax are as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Flemish Region</th>
<th>Walloon Region</th>
<th>Brussels-Capital Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>3,570.00</td>
<td>3,191.76</td>
<td>4,852.00</td>
</tr>
<tr>
<td>B</td>
<td>1,290.00</td>
<td>1,271.17</td>
<td>1,403.40</td>
</tr>
<tr>
<td>C</td>
<td>350.00</td>
<td>404.47</td>
<td>380.80</td>
</tr>
<tr>
<td>D</td>
<td>250.00</td>
<td>288.91</td>
<td>272.00</td>
</tr>
<tr>
<td>E</td>
<td>150.00</td>
<td>173.34</td>
<td>163.20</td>
</tr>
</tbody>
</table>

8.6. Tax on employee equity participation and on the profit premium plan for employees

This tax (193), chargeable to employees, is levied on the participation in the equity capital of the company or on the profit premium plan for employees granted in accordance with the Act of 22 May 2001 on employee equity participation and introducing a profit premium plan for employees. Where certain conditions in respect of a non-redemption period are not satisfied (in principle not less than two years and not more than five years), a supplementary tax is charged (Art. 112 CTA).

The basis of the tax ("base tax") is determined as follows (Art. 113 CTA):

1° with respect to a profit premium plan: the amount paid out cash in accordance with the provisions of the above-mentioned Act of 22 May 2001;

2° with respect to equity participation: the amount attributable to the equity participation (minimum requirements as to the appreciation), attributed in accordance with the annual participation scheme;

3° with respect to profits which are subject of an investment savings scheme (the benefits attributed to the employee are put at the disposal of the company as a non-subordinated loan): the amount in cash attributed in accordance with the company's annual participation scheme.

---

193 See also annex 1 to chapter 2 in part I of this Tax Survey.

322 The Tax Survey should not be considered as an administrative circular, no rights can be founded on it.

January 2018 issue.
The basis of the **supplementary tax** is the same as in 2° above with respect to equity participation and as in 3° above with respect to profit premium plans for employees under an investment savings scheme; in both cases, the “base tax” is first deducted (Art. 114 CTA).

The rates of the **tax** (“base tax”) are (Art. 117 CTA):

- 15% for equity participations;
- 15% for profit premium plans for employees granted under an investment savings scheme which are the subject of a non-subordinated loan;
- 7% for profit premium plans for employees, with the exception of those that are chargeable at the 15% rate.

The rate of the **supplementary tax** is 23.29%.
Person responsible at law: Christiaan DELAERE
North Galaxy
Boulevard du Roi Albert II, 33 box 22
1030 Brussels
Belgium