TAX SURVEY

Nr. 26 (update)
2014

Research and Documentation Department
Staff Service Expertise and Strategic Support
PREFACE TO THE OCTOBER 2014 ISSUE

By publishing the "Tax Survey", the Research and Information Department of the Federal Public Service Finance 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 survey deals with indirect taxation: VAT, registration duties, estate duties, miscellaneous duties and taxes,excise duties, etc.

This Memento 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 2013 income (tax year 2014) in the matter of direct taxation, with the exception of withholding taxes (part I, chapters 1 to 4);
- on 1 October 2014 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 Research and Information Department 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 and Information 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 database" (Fisconet)plus on the homepage of the website of the Federal Public Service Finance (Fiscal discipline – Income tax – Administrative directives and comments – Circular letters”; only available in French and Dutch).

The Tax Survey is also available in Dutch, in French and in German. It can also be referred to on our website at www.docufin.fgov.be, where it can be downloaded as a pdf-file.

December 2014

S. HAULOTTE                    Ch. VALENDUC                    E. DELODDERE
(Editor)
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<th>Description</th>
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<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>
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<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>
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<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>
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<tr>
<td>CS</td>
<td>Crisis surcharge</td>
</tr>
<tr>
<td>CSP</td>
<td>Customs Security Programme</td>
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<td>CT</td>
<td>Circulation tax</td>
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<tr>
<td>CTA</td>
<td>Code of taxes assimilated to income taxes</td>
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<tr>
<td>C-TPAT</td>
<td>Customs Trade partnership against terrorism</td>
</tr>
<tr>
<td>DE</td>
<td>Disallowed expenses</td>
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<td>DIV</td>
<td>Vehicle registration service</td>
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<tr>
<td>DTA</td>
<td>Double taxation agreement</td>
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<tr>
<td>EAD</td>
<td>Export Accompanying Document</td>
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<tr>
<td>EC</td>
<td>European Community</td>
</tr>
<tr>
<td>ECB</td>
<td>European Central Bank</td>
</tr>
<tr>
<td>EEA</td>
<td>European Economic Area</td>
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<tr>
<td>EEC</td>
<td>European Economic Community</td>
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</table>
The Tax Survey should not be considered as an administrative circular, no rights can be founded on it.

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EFTA European Free Trade Association
EORI Economic Operator's Registration and Identification
ESA European system of national and regional accounts
ETBE Ethyl tert-butyl ether
EU European Union
FAME Fatty acid methyl ester
FFTC Fixed foreign tax credit
FPS Federal Public Service
FRS - FNRS Fonds de la Recherche Scientifique - FNRS
FWO-Vlaanderen Fonds voor Wetenschappelijk Onderzoek-Vlaanderen
GATT General Agreement on Tariffs and Trade
GDP Gross domestic product
HP Horsepower
LEA Local employment agency
LEIT Legal entities income tax
LPG Liquefied petroleum gas
MAM Maximum allowable mass
NBN Bureau de Normalisation – Bureau voor Normalisatie
NCC National Cooperation Council
NCTS New Computerised Transit System
NPO Non-profit organisation
OECE Organisation for Economic Co-operation and Development
OFP Organisations for Financing Pensions
OLO Obligation linéaire – lineaire obligatie
ONE Office de la Naissance et de l'Enfance
PIT Personal income tax
PLC Public limited company
PLDA Paperless Customs and Excise Duties
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
SIC/VBS Debt investment companies
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>SICAF/BEVAKS</td>
<td>Closed-ended investment companies</td>
</tr>
<tr>
<td>SICAFI/</td>
<td>Closed-ended investment companies investing in real estate</td>
</tr>
<tr>
<td>vastgoedbevaks</td>
<td></td>
</tr>
<tr>
<td>SICAV/BEVEKS</td>
<td>Open-ended investment companies</td>
</tr>
<tr>
<td>SII</td>
<td>Sickness and invalidity insurance</td>
</tr>
<tr>
<td>SME</td>
<td>Small and medium-sized enterprise</td>
</tr>
<tr>
<td>SNCB/NMBS</td>
<td>Belgian National Railway Company</td>
</tr>
<tr>
<td>SRWT</td>
<td>Société régionale wallonne du Transport (Walloon public transport company)</td>
</tr>
<tr>
<td>STI</td>
<td>Separately taxable income</td>
</tr>
<tr>
<td>STIB/MIVB</td>
<td>Brussels public transport company</td>
</tr>
<tr>
<td>TES</td>
<td>Tax on the entry into service</td>
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<tr>
<td>TIR (TIR carnet)</td>
<td>Transports internationaux routiers</td>
</tr>
<tr>
<td>UCI</td>
<td>Undertaking for collective investment</td>
</tr>
<tr>
<td>VAT</td>
<td>Value added tax</td>
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</tbody>
</table>
PART I
DIRECT TAXATION
## Personal Income Tax (PIT)

| Who sets | the tax rate | the tax base | reliefs |
|          | Central authority | Central authority | Central authority (*) |
| (*) Comments about reliefs: lump sum credit granted by the Flemish Region |
| Beneficiary | Central authority | Regional authority (*) | Local authority (**) | Social security | Others (***) |
| Securitisation since 2005-2006 (for withholding tax on earned income, assessment rolls and fines and miscellaneous) |
| (*) A substantial part of the revenue is earmarked and transmitted to regional authorities (Regions and Communities). |
| (**) Municipal surtaxes are calculated at rates specific to each municipality. |
| (*** Since 2009, part of the withholding tax on earned income has gone to the alternative financing of social security. |

### Tax collector
Federal Public Service Finance

### Tax revenue

<table>
<thead>
<tr>
<th>2013 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>4,230.8</td>
<td></td>
</tr>
<tr>
<td>Withholding tax on earned income</td>
<td>45,734.2</td>
<td></td>
</tr>
<tr>
<td>Advance payments</td>
<td>1,516.3</td>
<td></td>
</tr>
<tr>
<td>PIT assessment roll</td>
<td>-608.3</td>
<td></td>
</tr>
<tr>
<td>Special social security contribution</td>
<td>1,114.4</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>55.0</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL PIT</strong></td>
<td><strong>52,042.4</strong></td>
<td><strong>13.2%</strong></td>
</tr>
</tbody>
</table>

(*) Total tax revenue (according to ESA2010 concept) paid to Belgian authorities. Data regarding tax revenue are henceforth mentioned according to the ESA2010 concept. They cannot be compared to data mentioned in previous editions of the Tax Survey.
The Tax Survey should not be considered as an administrative circular, no rights can be founded on it.

Part I: Direct taxation

### Corporate Income Tax (CIT)

|---------------------------------------------------------------------------|-----------------------------------------------------------------------|

<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>Central authority</td>
<td>Central authority</td>
<td>Central authority</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Beneficiary</th>
<th>Central authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social security</td>
<td>Others (*)</td>
</tr>
</tbody>
</table>

(*) Amount allocated to the ‘Electricity and Gas Regulatory Commission' (CREG – “Commission de Régulation de l’Electricité et du Gaz”) since 2009

<table>
<thead>
<tr>
<th>Tax collector</th>
<th>Federal Public Service Finance</th>
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</thead>
</table>

<table>
<thead>
<tr>
<th>Tax revenue</th>
<th>2013 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 movable property</td>
<td>569.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advance payments</td>
<td>7,939.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CIT assessment roll</td>
<td>3,661.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-resident CIT (on assessment)</td>
<td>113.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>9.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL CIT</strong></td>
<td><strong>12,294.0</strong></td>
<td><strong>3.1%</strong></td>
<td><strong>10.0%</strong></td>
</tr>
</tbody>
</table>
Data on withholding tax on real estate: October 2014 issue.

**Legal base**

For rates:
- Order 08.12.2005 (BOJ 02.01.2006) for the Brussels-Capital Region.

**Who sets**

<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>

**Beneficiary**
Regional and local authorities

Comments: The local surtax is a multiple of the revenue perceived by regional authorities. Both provinces and municipalities receive surtaxes.

**Tax collector**
The withholding tax on real estate is not levied in the same way in the different Regions. Since 1999, the withholding tax on real estate has been levied by the Flemish Region itself. As far as the Walloon Region and the Brussels-Capital Region are concerned, the tax is still levied by the Federal State.

**Tax revenue**

<table>
<thead>
<tr>
<th>Tax revenue</th>
<th>2013 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>4,854.6</td>
<td>1.2%</td>
<td>4.0%</td>
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</tbody>
</table>
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### Part I: Direct taxation

#### Withholding tax on income from movable property

<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Who sets</strong></td>
<td><strong>the tax rate</strong></td>
</tr>
<tr>
<td>Central authority</td>
<td>Central authority</td>
</tr>
<tr>
<td><strong>Beneficiary</strong></td>
<td>Central authority and social security</td>
</tr>
<tr>
<td><strong>Tax collector</strong></td>
<td>Federal Public Service Finance</td>
</tr>
<tr>
<td><strong>Tax revenue</strong></td>
<td>2013 tax revenue in millions of euro</td>
</tr>
<tr>
<td>4,800.6</td>
<td>1.2%</td>
</tr>
</tbody>
</table>
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**Part I: Direct taxation**

**Withholding tax on earned income and advance payments**

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

<table>
<thead>
<tr>
<th>Tax revenue</th>
<th>2013 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 earned income</td>
<td>45,734.2</td>
<td>11.6%</td>
<td>37.3%</td>
</tr>
<tr>
<td>Advance payments (made by individuals or companies)</td>
<td>9,455.8</td>
<td>2.4%</td>
<td>7.7%</td>
</tr>
</tbody>
</table>
CHAPTER ONE
PERSONAL INCOME TAX (PIT)

What is new?

- Abolishment of the compulsory report of movable income.
- Extension of the exemption on the first bracket of interest from savings deposits to interest received by credit institutions established in another Member State of the EEA.
- Increase in the fiscal upper limit of the system applicable to non-recurrent advantages linked to results in order to harmonise it with the social upper limit.
- Extension of the transitional system applicable to the tax credit for low-energy houses, passive houses and zero-energy houses.
- Abolishment of the tax credit for expenses incurred for electric charging stations.
- New upper limit applicable to the tax credit for service vouchers and LEA-vouchers, with respect to expenses incurred as from 1 July 2013.
- Easing of the system of the win-win loan in the Flemish Region, with respect to the place of business.
- Abolishment of the tax credit regarding the “Caisse d’Investissement de Wallonie” (Walloon Investment Fund).
- Separate taxation at 33% for remunerations of casual workers in the Horeca sector, provided certain conditions are met.
- Increased rates (18% and 20%) for supplementary pension lump sums composed of employer’s contributions paid as from 1 July 2013.
- Increase in the tax credit for low-income workers (fiscal employment bonus).
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, for it determines the rate of the municipal surcharges applicable to that taxpayer.

- 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 exempted components and the deductible expenses. Step two ends with the apportionment of the net income between spouses.

- Step three deals with the expenses which entitling to a tax advantage; the latter can be granted as an amount deducted from the taxable income or as a tax credit or even as a refundable tax credit. 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. In its initial stage a tax results from the application of a progressive rate structure: the tax rate increases, in successive tax brackets, according to the taxable income. Then comes an analysis of the different stages in the computation of the tax, the most important being the calculation of the zero-rate band that takes into account the taxpayer’s family situation, and the tax credits for replacement income (i.e. the taxable social transfers). Step four also deals with the tax credit in respect of low income from professional activities.
The computation of the taxable income is represented in the following chart.

**Diagram of PIT**

**Taxable income and deductible components**

<table>
<thead>
<tr>
<th>Income from immovable property</th>
<th>Income from movable property</th>
<th>Miscellaneous income</th>
<th>Earned income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indexed (and revalued) cadastral income</td>
<td>Dividends</td>
<td>Maintenance payments</td>
<td>Remunerations</td>
</tr>
<tr>
<td>Net rent</td>
<td>Interests</td>
<td></td>
<td>Replacement income</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Directors’ remunerations</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>Profits and proceeds</td>
</tr>
<tr>
<td></td>
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</tr>
<tr>
<td>To be deducted:</td>
<td>Other miscell income</td>
<td></td>
<td></td>
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<tr>
<td>- Interests of loans</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>- Lump sum deduction</td>
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<td></td>
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<tr>
<td>for private dwellings</td>
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<tr>
<td>TOTAL NET INCOME</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses entitling to tax advantages</th>
<th>Deduction for sole own dwelling (housing bonus)</th>
<th>Deduction from global net income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life insurance premiums</td>
<td>Mortgage interests</td>
<td></td>
</tr>
<tr>
<td>Mortgage capital repayment</td>
<td>Maintenance payments made</td>
<td></td>
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<td>Pension savings</td>
<td></td>
<td></td>
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<td>Group insurance and pension funds</td>
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<tr>
<td>Purchase employer's shares</td>
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<tr>
<td>Expenses for making dwellings secure against burglary and fire</td>
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<td>Expenses for renovating low-rent dwelling houses</td>
<td></td>
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<tr>
<td>Passive, low-energy and zero-energy houses</td>
<td></td>
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<tr>
<td>Roof insulation</td>
<td></td>
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<td>Green loans</td>
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<td>Electric vehicles</td>
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<td>LEA-vouchers and service vouchers</td>
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<td>Recognised Development Funds</td>
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<td>Gifts</td>
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<td>Child care expenses</td>
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<td>Remuneration domestic workers</td>
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<td>Classified monuments</td>
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<td>Win-win loan (Flemish Region)</td>
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<tr>
<td>Renovation agreements (Flemish Region)</td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>AGGREGATE TAXABLE INCOME</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tax credits</th>
<th>Tax credits to be offset against the “principal”</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase of own assets</td>
<td></td>
</tr>
<tr>
<td>Low income from professional activities</td>
<td></td>
</tr>
<tr>
<td>Low-income workers</td>
<td></td>
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<tr>
<td>Dependent children</td>
<td></td>
</tr>
<tr>
<td>Service vouchers</td>
<td></td>
</tr>
<tr>
<td>Roof insulation</td>
<td></td>
</tr>
</tbody>
</table>

Separate taxation

Arrears of prepaid holiday pay
Termination compensation
Capital gains from professional activity
Capital, pension savings schemes and long-term savings

See diagram: computation of tax, Section 1.4., page 61
Part I: Direct taxation

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 whose seat of wealth 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.

"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 (1 January 2014 for 2013 income) is the "tax municipality", which determines the rate of the local surtax.

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, aggregated 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 an aggregate and a separate taxation; notice of the choice shall be given at the time of the return. If the aggregate assessment 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.

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.
Part I: Direct taxation

Personal income tax

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. The taxpayer’s dwelling house represents a special case: the taxable income thereof, where remaining taxable, is granted a lump sum relief and the withholding tax on real estate pertaining to it is partly creditable against the taxpayer’s income tax liability.

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 2013, the adjustment coefficient is 1.6813.

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 dwelling house</td>
<td>Since 1 January 2005, the cadastral income of the dwelling house is no more taxable, except if interests on a loan contracted before 1 January 2005, are still deducted.</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 4.19 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

Personal income tax

These rules also apply to land, provided the following three modifications are taken into consideration:

- cases (a) and (f) do not apply, of course,
- 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 the cadastral income.

Deductible interest of loans

Interest on loans is eligible for relief when they relate to debts incurred for the sole purpose of acquiring or maintaining real property. In the case of an acquisition of property by inheritance, the interest accruing from a loan taken out with a view to paying inheritance tax is deductible to the extent that it relates to that property.

The deductible amount may not exceed the amount of the taxable income from real property. Where a taxpayer has incurred a loan before 1 January 2005 in order to buy a dwelling house, for example, and has no other income from immovable property, the deductible interest may not exceed the indexed cadastral income of that dwelling house.

Where newly built houses or important renovation works are involved, an additional deduction of mortgage interest may be granted (1). This deduction remains applicable to loans raised before 1 January 2005.

Where the loan entitles to the deduction for sole own dwelling (2), the deductible interest of loan are therein included and are not deducted from the real estate income.

The deductions a spouse is entitled to, may exceed the amount of his/her taxable real property income. In this case the balance is deducted from the real estate income of his/her partner within the limits thereof; indeed, the total real estate income of both spouses cannot be negative.

Lump sum deduction from the cadastral income of a dwelling house

A lump sum deduction is granted per spouse on the cadastral income of a dwelling house or on the part of the real property income in respect of which the spouse is chargeable to tax (3). Of course, this deduction is only granted if a taxable cadastral income remains. It is inflation adjusted according to the same arrangements as the cadastral income. For 2013 income, this deduction amounts to 5,044 euro, with the following increases:

- 420 euro for each dependent person,
- 420 euro for each child having been dependent on the taxpayer when living in the house in question.

These increases are apportioned between the spouses in proportion to their cadastral income. The standard deduction is made up of the basic deduction and of any increases which may apply thereto.

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1 See page 48.
2 See hereafter on page 45.
3 The lump sum deduction can also be applied to the own dwelling located within the European Economic Area. It will be calculated on the rental value of the dwelling abroad or on the total amount of the rent and the rental benefits if the dwelling has been let.
Part I: Direct taxation

Personal income tax

Where the total net income does not exceed 35,380 euro, an additional deduction is awarded which is equal to half the difference between the cadastral income and the standard deduction. Where a common assessment is established, this rule applies to each spouse.

Where an assessment is made on a single person, the total deduction cannot exceed the cadastral income in respect of which it is granted. Where a common assessment is established, this rule applies jointly to both spouses. When the housing deduction of the spouses is entitled to exceed his taxable cadastral income, the balance is deducted from the other spouse’s cadastral income within the limits of the amount thereof.

Examples

a. A childless couple jointly owns a dwelling house whose indexed cadastral income amounts to 1,000 euro. The loan was raised before 1 January 2005 and does not entitle to the deduction for sole own dwelling. Their remaining net income amounts respectively to 8,000 euro and 7,000 euro. Each spouse is entitled to a deduction limited to his/her taxable cadastral income, i.e. 500 euro.

b. Same situation as in (a), but now the indexed cadastral income amounts to 5,000 euro. Each spouse is entitled to a deduction limited to his/her taxable cadastral income, i.e. 2,500 euro.

c. A couple with three children jointly owns a dwelling house whose indexed cadastral income amounts to 12,000 euro. The claimant’s professional income is 27,000 euro, his spouse’s is 42,000 euro. The standard deduction is computed as follows:

Claimant: 5,044 euro + (3 x 420 euro)/2 = 5,674 euro
Claimant’s spouse: 5,044 euro + (3 x 420 euro)/2 = 5,674 euro.

The taxable remainder is 326 euro for each spouse. The claimant is entitled to an additional deduction of 163 euro. His spouse, whose income exceeds 35,380 euro, is not entitled to this additional deduction.

The deduction can also apply to another building than the dwelling house if the taxpayer is able to prove that the non-occupation of that building is justified on professional or social grounds.

The deduction does not apply to the parts of the dwelling house allocated by the owner to any professional activity or occupied by persons who are not part of the household.

TAX CREDIT FOR REAL ESTATE INCOME

Only the real property withholding tax pertaining to the taxable cadastral income of the taxpayer’s principal private dwelling is creditable against that individual’s final income tax liability. Moreover, the withholding tax must be actually due. Consequently, there is no tax credit for real estate income where the deduction for sole own dwelling applies or where there is no more deductible interest of loan. The tax credit is strictly limited to 12.5% of the adjusted cadastral income included in the taxpayer's global taxable income.

Moreover the tax credit is limited to the tax due.
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.

- 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 6.98 times the cadastral income stops being considered income from immovable property and becomes a director’s remuneration (4).

- In the event of a change of ownership during the course of the year, the taxable income is calculated in twelfths, on the basis of the situation on the 16th day of the month. The same rule applies where the cadastral income is modified in the course of the year.

- 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.

- 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 (5).

- 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. Where a property has been unproductive for 4 months, for example, only 8/12 of the cadastral income is taxable.

1.2.2. Income from movable property

The reader will find hereafter the situation relating to tax year 2014 (2013 income). He can refer to the chapter “Withholding tax on income from movable property” as regards income allocated as from 1 January 2014.

As a reminder, movable income has been subject to a first reform applicable to income allocated as from 1 January 2012. The key elements of this reform were the giving up of the principle of the withholding tax on income from movable property as a final tax, the increase to 21% of the rate of the withholding tax on some interest and dividends, and the introduction of an additional levy of 4% on high movable income. The report of movable income became compulsory in principle.

Given the numerous problems related to the concrete application of this reform, the latest has been changed for income allocated in 2012 and given up for income allocated as from 1 January 2013. The principle of the withholding tax as a final tax has been restored, the additional levy of 4% has been abolished and the standard rate of the withholding tax has been increased to 25%.

4 I.e. 5/3 of the “revalued” cadastral income, that is to say multiplied by 4.19.
5 This is an income from movable property in respect of which a return is obligatory; see hereafter 1.2.2.B.
Part I: Direct taxation

Personal income tax

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.

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 accounts exceeding the first exempted bracket (cf. infra);
- income from capital invested in cooperative companies or companies with a social objective, exceeding the first exempted bracket (cf. infra);
- 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 by Belgian laws;
- the first 190 euro bracket of income from capital invested in cooperative companies recognised by the National Cooperation Council (NCC), or in companies with a social objective, per spouse.

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 the Law of June 30th, 1994 on copyright and related rights 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 56,450 euro bracket. The part of copyright exceeding 56,450 euro is taxable as professional income.

Where the right to deduct actual costs has not been used, the taxable amount results from the application of a lump sum cost amount calculated as follows:
- 50% on the first 15,050 euro bracket;
- 25% on the bracket between 15,050 and 30,110 euro;
- 0% above.

<table>
<thead>
<tr>
<th>Bracket</th>
<th>Tax Rate</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 15,050</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>15,051 - 30,110</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>Above 30,110</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>

All income from copyright must be mentioned in the personal income tax return, even though a withholding tax has been levied on it.
**Part I: Direct taxation**  

**Personal income tax**

**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 (2013 income)*

<table>
<thead>
<tr>
<th>DIVIDENDS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquidation surpluses</td>
<td>10%</td>
</tr>
<tr>
<td>Dividends from the distribution of taxed reserves injected in the capital</td>
<td>10%</td>
</tr>
<tr>
<td>Dividends from “residential” real estate investment companies</td>
<td>15%</td>
</tr>
<tr>
<td>Other dividends</td>
<td>25%</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>25%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ROYALTIES, LIFE ANNUITIES AND TEMPORARY ANNUITIES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>COPYRIGHT</td>
<td>25%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>COPYRIGHT</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>COPYRIGHT</td>
<td>15%</td>
</tr>
</tbody>
</table>
**Part I: Direct taxation**

**Personal income tax**

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

Where movable income (or miscellaneous movable income) is taxed separately, the additional municipal surtax is added to the tax amount, except for interest and dividends.

### 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” maintenance payments are included in the aggregated taxable income (thus not “arrears” of maintenance payments). All other miscellaneous income is taxed separately (6).

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

**Maintenance payments**

80% of maintenance payments received in the course of a taxable period are subject to tax (they are included in the aggregated taxable income) (7). Arrears of maintenance 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.

**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 (8) 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 (9) are only taxable in as far as they exceed 3,760 euro.

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6 Tax rates applicable to tax year 2014 are mentioned in Table 1.14, page 71.
7 Maintenance payments received in compliance with a foreign legal provision are dealt with in the same way as those received in compliance with a Belgian legal provision, provided those provisions are similar.
8 Unless these organisations are recognised by a Royal Decree deliberated in the Council of Ministers.

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

October 2014 issue.
Part I : Direct taxation

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.

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 dwelling house (10),
- the alienation (generally a sale) occurs less than five years after the acquisition for valuable consideration, or less than three years after a gift insofar as the grantor had acquired the property himself for valuable consideration less than five years before the donation.

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 where the following conditions are jointly met:
- the real property is situated in Belgium,
- the alienation 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.

9 Where subsidies are allocated for several years, the taxpayer is entitled to a rebate only in respect of the first two years.
10 I.e. the house in respect of which he is entitled to a deduction from the cadastral income under PIT and to a tax credit for real estate income or to the deduction for sole own dwelling; see supra, page 24.
Part I: Direct taxation

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 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.

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 (11).

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, income from the permission to place GSM masts 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.

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11 The revaluation only concerns acquisitions realised before 1949.
Part I: Direct taxation

INCOME FROM THE PERMISSION TO PLACE GSM MASTS

Income from the permission to place GSM masts is henceforth considered as miscellaneous movable income. The new system applies to income received as from 1 January 2012.

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. profits from agricultural, industrial and commercial activities;
4. proceeds from a liberal profession;
5. profits and proceeds from former professional activities;
6. replacement income: pensions, prepensions, unemployment benefits, health insurance benefits, etc.;
7. copyright.

The taxpayer declaring profits and proceeds can remunerate the assisting spouse. This remuneration coexists with the “assisting spouse quota”, but they cannot apply concurrently. The remuneration constitutes for the assisting spouse a source of earned income from independent activity.

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.

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 2013. 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 1.3

**How to determine the exempted part of the sums reimbursed by the employer for commuting expenses?**

<table>
<thead>
<tr>
<th>Lump sum deduction of professional expenses</th>
<th>Deduction of actual professional expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Where a means of public transport is used: the total amount of the allowance or reimbursement made by the employer is exempted.</td>
<td>The allowance made by the employer is liable to tax. These expenses are deductible. In the absence of evidence, the deductible expenses are estimated at 0.15 euro per kilometre for the distance between home and work, this distance being limited to 100 kilometres.</td>
</tr>
<tr>
<td>Where a collective means of transport is provided by the employer or a group of employers, or in the case of carpooling: the allowance is exempted, pro rata temporis, up to the amount of a weekly first class train ticket between work and home</td>
<td></td>
</tr>
<tr>
<td>Other means of transport: the allowance is exempted up to 380 euro</td>
<td>The allowance made by the employer is liable to tax. Actual expenses: maximum 0.15 euro per kilometre.</td>
</tr>
</tbody>
</table>

The mileage allowance for cycling commuters is also exempted from tax up to 0.22 euro a kilometre.

Earned income includes **termination compensation, arrears and advance holiday pay**. This income is however taxed separately.

However, workers whose open-ended employment contract has been terminated by the employer are entitled to a (limited) exemption of termination compensation, redeployment allowances and remunerations from the exercise of the professional activity during the notice period. The termination of the employment contract cannot have taken place during the trial period, with a view to pre-pension or pension, or for serious reasons.

The **redundancy allowance** which is payable by the National Employment Office and which dismissed workers can benefit, is tax exempted and exempted from social contributions (12). 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.

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12 The redundancy allowance is granted to workers bound by an employment contract for workers, service vouchers or domestic workers whose contract is terminated provided the dismissal is notified as from 1 January 2012. It replaces the lump sum crisis premium.
Part I: Direct taxation

Personal income tax

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, sport and culture vouchers is a social advantage exempted up to 100 euro a year 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.

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 2,695 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 3,100 euro) (13). 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 18,520 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 18,520 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 2,418.07 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.

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13 The social upper limit amounts to 3,100 euro, i.e. the social upper limit of 2,695 euro + the solidarity contribution of 13.07%.
Part I: Direct taxation

Personal income tax

The tax system for stock options (14)

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.

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.

The taxable benefit in kind is valued at a flat rate (15). 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.

These percentages are halved when the following conditions are jointly met:

- the exercise price is determined definitely at the time the right is granted,
- 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,
- the option may not be the object of a transfer inter vivos,
- the shares may not be covered against the risk of depreciation,
- 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.

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.

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.

In order to be eligible for this for this extension, the options must meet the following conditions:

- they must have been granted, i.e. not have been abandoned, within 60 days after the offer;
- they must have been given between 2 November 1998 and 31 December 2002;
- they have not been exercised yet and the option period is still running;
- they beneficiary must have given his consent and the Tax Administration must have been informed thereof by the enterprise giving the options.

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.

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14 As far as stock options granted as from 1 January 2012 are concerned, the flat rate used to value the benefit in kind in case of granting of stock options, has been increased from 15% to 18%.

15 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.
Part I: Direct taxation

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. The Federal Public Service Finance developed an online form thanks to which the citizen can ask for the calculation of this benefit in kind (16).

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 CO\(_2\) emission rate, that is to say

\[ \text{Benefit in kind} = \text{catalogue value} \times \% \,(\text{CO}_2 \text{ coefficient}) \times \frac{6}{7} \]

The basic CO\(_2\) coefficient amounts to 5.5\% for a diesel car with a CO\(_2\) emission threshold of 95 g/km and for a petrol, LPG or natural gas car with a CO\(_2\) emission threshold of 116 g/km.

Where the CO\(_2\) emissions exceed the threshold, the basic percentage is increased by 0.1\% per gram CO\(_2\) to maximum 18\%.

Where the CO\(_2\) emissions are lower than the threshold, the basic percentage is decreased by 0.1\% per gram CO\(_2\) to minimum 4\%. If the company car is exclusively powered by an electric motor, the CO\(_2\) percentage is equal to the minimum, that is to say 4\%.

In no circumstance can the benefit be lower than 1,230 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 (17), 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.

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17 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.
Part I: Direct taxation

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 56,450 euro. Below this threshold, it is assimilated to income from movable property (18).

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

B. Deduction of social security contributions

Employees' salaries and wages are taxable in respect of their gross amount less personal social security contributions.

Emoluments paid to company managers are also taxable in respect of their gross amount less the contributions payable in respect of social legislation. Premiums paid to recognised mutual insurance companies for "minor risks" are regarded as 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 2,222.18 euro (pension for singles) / 2,569.12 euro (pension for households), are assimilated to social contributions and are thus fiscally deductible.

18 See above on page 28.
**Part I: Direct taxation**

**Personal income tax**

**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.

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 real costs, he may deduct the latter entirely, but he is not allowed to combine the flat 0.15 euro per kilometre with the actual expenses in respect of the distance exceeding 100 kilometres.

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;
- depreciation of property used for a professional activity (19);
- levies and taxes which don't directly relate to taxable income: non-deductible withholding tax on real estate 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) (20).

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19 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 115.

20 In fact it concerns expenses paid for ‘enterprise crèches’. This regulation also applies to companies and is detailed in Chapter 3, page 125.
Part I: Direct taxation  

Personal income tax

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;
- 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, to the municipalities and to 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 (21).

For company managers, the lump sum deduction is set at 3% of the basis of calculation, with a maximum of 2,340 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 3,900 euro.

The same 3,900 euro limit applies to the lump sum expenses which may be awarded to employees and members of a liberal profession (22); these are calculated according to the scale below.

<table>
<thead>
<tr>
<th>Basis of calculation in euro</th>
<th>Professional expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>lower limit</td>
</tr>
<tr>
<td>0</td>
<td>5,650</td>
</tr>
<tr>
<td>5,650</td>
<td>11,220</td>
</tr>
<tr>
<td>11,220</td>
<td>18,670</td>
</tr>
<tr>
<td>18,670 and more</td>
<td>and more</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.

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21 That is to say the deductible part of contributions to recognised mutual insurance companies; see above, page 38.
22 This maximum is reached at a basis of calculation of 63,635 euro.
Table 1.5
Additional allowable 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 and more</td>
<td></td>
</tr>
</tbody>
</table>

DEDUCTION OF EXPENSES

Where the taxable earned income includes separately taxable income (STI) (23), 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.

Taxpayers declaring proceeds are only eligible for the investment deduction and for the tax exemption in respect of additional staff taken on in small and medium sized companies.

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 1.4.8. (24).

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.

23 For example arrears, termination compensation and certain capital gains.
24 See page 74.
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 13,100 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 10,090 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

Certain expenses entitle to a tax relief. The terms and conditions for the granting of the tax advantage are detailed hereafter. The deductions are grouped in four categories:

- the deductions relating to real estate investments and to long-term savings;
- the deductions relating to the environment;
- the other expenses entitling to a tax relief at federal level;
- the regional provisions.

For each of these expenses, it will be stipulated how they are granted, on what conditions and to what extent.

The tax advantage can take four forms:

- a deduction from the total net income;
- a tax credit at the marginal rate;
- a tax credit computed at the 30% / 45% flat rate; a refundable tax credit deducted from the “principal”, i.e. from the tax levied on the aggregate taxable income and on the separately taxable income, after taking into account exemptions and all the other tax credits (see “General principles”, page 61).

As a reminder, during tax year 2013, some deductible expenses have been 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. The conditions and terms for the granting of these tax advantages remained unchanged.

Two single rates have been set for the tax credit: 45% for gifts and child care expenses and 30% for domestic workers and classified monuments.

Maintenance payments, the housing bonus (deduction for sole own dwelling) and the additional deduction of mortgage interest remained classified as deductible expenses. This also applies to tax year 2014.

On the other hand, with the exception of the increased tax credit for savings for house purchase which remains applicable at the marginal rate and of tax credits at lower rates, the rates of the existing tax credits have been harmonised at 30%. This applies to:

- the tax credit for long-term savings;
- the tax credit for LEA-vouchers;
- the tax credit for expenses for making dwellings secure against burglary and fire;
- the tax credit for the interest paid on green loans;
- the tax credit for roof insulation.
1.3.1. Long-term savings and investment in real property

Expenses relating to long-term savings and to investment in real property principally include:
- capital repayments of mortgage loans and interest payments,
- personal contributions paid in the context of group insurance schemes,
- individual life insurance premiums,
- payments made in the context of a pension savings scheme.

As far as mortgage loans are concerned, there have been several successive systems; the matter can thus seem particularly complex. The following diagram shows the applicable systems (25).

<table>
<thead>
<tr>
<th>Date of the loan</th>
<th>Tax system applicable to capital and interest repayments</th>
</tr>
</thead>
<tbody>
<tr>
<td>From 01.01.2005</td>
<td>If the conditions are fulfilled, deduction for sole own dwelling (A), which covers the interest and the capital. Otherwise, system applicable to mortgage loans (B) for the capital, no additional deduction of mortgage interest.</td>
</tr>
<tr>
<td>From 01.01.1989 to 31.12.2004</td>
<td>Deduction of capital repayments: see section B for the conditions and the limits and for the rules governing the granting of the increased tax credit for savings for house purchase. Mortgage interest: in addition to the amounts deductible from the taxable real estate income, additional deduction of mortgage interest (D), if the conditions are fulfilled.</td>
</tr>
<tr>
<td>From 01.05.1986 to 31.12.1988</td>
<td>Deduction of capital repayments: see section C, no limit for “social” dwellings, maximum amount of the loan for “medium sized” houses: 49,578.70 euro. Mortgage interest: in addition to the amounts deductible from the taxable real estate income, additional deduction of mortgage interest (D), if the conditions are fulfilled.</td>
</tr>
<tr>
<td>Before 01.05.1986</td>
<td>Deduction of capital repayments: see section C, no limit for “social” dwellings, maximum amount of the loan for “medium sized” houses: 9,915.74 euro. Mortgage interest: deduction limited to the taxable real estate income, NO additional deduction of mortgage interest.</td>
</tr>
</tbody>
</table>

25 For transitory provisions and individual cases, among which refinancing loans, see circular Ci.RH.26/578.655 of 14.06.2006.
Part I: Direct taxation

Are taxed at the termination date:
- capitals of outstanding balance insurance contracts,
- capitals and surrender values of individual life insurance contracts, up to the amounts used for the reinstatement or the securing of a mortgage loan.

These capitals 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 in function of 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.

Table 1.6

<table>
<thead>
<tr>
<th>Age reached by the beneficiary at the time of the surrender</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>13 years</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.

Contracts concluded in the context of group insurances, pension saving schemes and life insurances have a feature in common: they combine a tax advantage granted where premiums or contributions are paid, with a taxation upon withdrawal, i.e. where the capital or the annuity resulting from premiums capitalisation are paid out. Where life insurance is used for the reinstatement of a mortgage loan, withdrawals are taxed when the capital is fully rebuilt. Hereafter are described the advantages granted where premiums or contributions are paid, and is explained how withdrawals are taxed.

These types of long-term savings 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.

A. Deduction for sole own dwelling (housing bonus)

This deduction applies to loans raised on or after 1 January 2005 in order to acquire or maintain the taxpayer’s dwelling house. It must be the taxpayer’s sole dwelling house, which means that he cannot own other real estate by 31 December of the year in which the loan contract was entered into (26). The dwelling must be located in a Member State of the European Economic Area.

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

The deduction applies to interest on loans, capital repayments or life insurance premiums assigned to the amortisation of the mortgage loans and outstanding balance insurance premiums. The mortgage loan and the life insurance must have been taken out with a company having its seat in the European Economic Area.

As regards life insurance premiums, the following conditions must be met:

- the contract was signed by the taxpayer before the age of 65,
- where it includes a life bonus, it 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.

Unlike loans raised before 1 January 2005, the deduction is not limited according to the total earned income. The maximum amount of the deduction, per taxpayer and per taxable period, is made up of the basic deduction and of increases:

- for 2013 income, the basic deduction amounts to 2,260 euro. 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 750 euro for 2013 income.

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 for 2013 income.

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 deduction applies to the total net income.

The granting of the deduction for sole own dwelling leads to:

- exemption of the cadastral income of the own dwelling house,
- abolition of the tax credit for real estate withholding tax amounting to 12.5% of this cadastral income,
- abolition of the additional deduction of mortgage interest,
- abolition of any other deduction of interest and tax credit for the mortgage capital repayment or for life insurance premiums.

B. Life insurance premiums

The life insurance premiums in question concern other contracts than those taken into account for the deduction for sole own dwelling. Consequently, this applies to contracts taken out before 1 January 2005 and after this day but not taken into account for the deduction for sole own dwelling.

These premiums entitle to a tax credit, provided the following conditions are all met:

- the contract was signed by the taxpayer before the age of 65,
- where it includes a life bonus, it must have a minimum duration of 10 years,
Part I: Direct taxation

Personal income tax

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 amortisation 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 amount which has been secured or amortised in favour of the creditor.

The deductible amount for each spouse is limited:

- to 15% of the first bracket of 1,880 euro of earned income, and to 6% beyond;
- with a maximum of 2,260 euro.

This limit applies to the combined life insurance premiums and mortgage capital repayments (see below, C), minus the premiums and the repayments benefiting the deduction for sole own dwelling limited to the basic amount.

In principle, life insurance premiums entitle to the tax credit for long-term savings, which is granted at the 30% rate.

They can entitle to the increased tax credit for savings for house purchase, which is granted at the marginal rate, if the following conditions are all met:

- the life insurance is assigned exclusively to the amortisation or securing of a mortgage loan;
- that mortgage loan was contracted with a view to constructing, acquiring or renovating the taxpayer’s dwelling house (27);
- that house was the taxpayer’s sole dwelling house when the contract was signed.

Consequently, the increased tax credit for savings for house purchase only applies to mortgage loans raised before 1 January 2005. As far as mortgage loans raised after this date are concerned, the deduction for sole own dwelling applies.

The tax credit for savings for house purchase is only granted within the limits of a first bracket, computed on the basis of the amounts detailed in Table 1.7, 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.

<table>
<thead>
<tr>
<th>Year in which the insurance contract was taken out</th>
<th>Basic amount of loan entitling to tax credit for house purchase</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989</td>
<td>49,578.70</td>
</tr>
<tr>
<td>1990</td>
<td>51,115.64</td>
</tr>
<tr>
<td>1991</td>
<td>52,875.69</td>
</tr>
<tr>
<td>1992 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>

27 I.e. the house whose cadastral income is entitled to the lump sum deduction. See above, page 24.
C. **Mortgage capital repayments**

Two types of contract should be distinguished: contracts taken out as from 1 January 1989 and which do not overturn existing contracts (28) and contracts taken out before 1989.

As regards **contracts taken out as from 1 January 1989** and not taken into account for the deduction for sole own dwelling, the mortgage capital repayments entitling to a tax credit for saving for house purchase are limited in accordance with the year of subscription; the amounts are those in Table 1.7.

If, however, the loan has been raised with a view to constructing, acquiring or renovating a house situated in the European Economic Area which, at the time the loan was raised, was the taxpayer’s sole dwelling house, the basic amount is increased by 5, 10, 20 or 30% depending on the number of the taxpayer’s dependent children (1, 2, 3 or more than 3) on 1 January of the year following the year in which the loan was raised.

As to **contracts taken out before 1 January 1989**, the amount of the loan for which a tax credit is granted differs according to whether it relates to a “social”, a “medium sized” or a “large” house:

- in the case of “a social house”, the borrowed capital is totally deductible;
- deductibility is disallowed in the case of “large” houses;
- in the case of “medium sized” houses, the reimbursed capital for which this deduction can be granted is limited:
  - for contracts concluded after 30 April 1986: to the part concerning the first bracket of 49,578.70 euro of the loan, if the loan was granted for the construction or purchase of a new dwelling house;
  - in all other cases: to the part concerning the first bracket of 9,915.74 euro.

In all cases, deductibility only applies where the house is located in the European Economic Area.

The loan must have been raised with a company having its seat in the European Economic Area. No outstanding balance insurance is required any more.

D. **Mortgage interests**

The following rules only apply to **interest on loan not taken into account for the deduction for sole own dwelling**.

Interest on loans specifically raised for acquiring or maintaining real estate can be deducted from taxable real estate income up to the amount of the latter. The remainder is eligible for an additional deduction when the loan has been entered into in order to finance a new construction or important renovation works. This deduction applies to the **total net income**.

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28 Hereinafter, contracts taken out as of 1989 in exchange of existing contracts are to be assimilated to contracts taken out before 1989.
TERMS AND CONDITIONS FOR THE DEDUCTION:

- The additional deduction only applies to loans contracted before 1 January 2005;
- It must be a mortgage loan contracted after 30 April 1986 for at least 10 years;
- It must have been concluded with a view to constructing a house, acquiring a newly built house or renovating a house that is to serve as the taxpayer's sole dwelling house. If the loan was contracted between 1 May 1986 and 31 October 1995, the first occupation of the house must date back 20 years or more from the day the loan was secured. If the loan was raised as from 1 November 1995, the first occupation must date back 15 years at least from the day the loan was secured;
- In the case of renovation, the work had to reach a minimum amount and had to be carried out by a registered contractor.

COMPUTATION OF THE DEDUCTIBLE AMOUNT

The first restriction applying to the deductible amount is the amount of the loan. The deductible amount is measured as an annually decreasing percentage thereof.

In respect of newly built houses, the basic amount of the maximum eligible loans is the figure in Table 1.7. In respect of renovation work, this ceiling is halved and rounded to the next ten. In both cases the basic amount corresponding to the year of acquisition remains unaltered for the whole period for which the additional deduction is granted.

The basic amount is increased by 5, 10, 20 or 30% according to the number of the taxpayer’s dependent children (respectively 1, 2, 3 or more than 3) as of January 1st of the year following the year in which the loan was taken out.

That restricted deduction is then limited to a percentage which determines the deduction actually to be applied:

- from the first (29) to the fifth year, 80%,
- for the sixth year, 70%,
- for the seventh year, 60%,
- for the eighth year, 50%,
- for the ninth year, 40%,
- for the tenth year, 30%,
- for the eleventh year, 20%,
- for the twelfth year, 10%.

The deduction is made in proportion to the income of each spouse.

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29 The first year is the one as from which the cadastral income is taxable.
**Part I : Direct taxation**

### E. 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 Belgium 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 (30).

- 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 (31).

- 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 at 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 (32). 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.

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30 Since tax year 1993, the mandatory duration has been reduced to 5 years for individuals aged 55 or over on 31.12.1986, that is to say for persons born in 1932 or before.

31 From assessment year 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.

32 See Part II, Chapter 4, page 216.
Part I: Direct taxation

F. 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;
- 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. Granting a tax advantage where premiums are paid, leads to the taxation of the received amounts at the date of termination of the contract (33).

G. Purchase of employers’ shares

The purchase of shares 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 (34) with the tax credit for pension savings schemes.

33 See hereafter, page 72.
34 The incompatibility is evaluated for each spouse separately.
**Part I: Direct taxation**

**Personal income tax**

**H. Expenses relating to the maintenance and restoration of classified monuments**

Expenses relating to the maintenance and restoration of classified monuments entitle to a fiscal advantage in the form of a tax credit (35).

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 37,640 euro.

In the case of aggregated taxable income, the tax credit is granted proportionately to each of the spouses' taxable income.

**I. Expenses for making dwellings secure against burglary and fire**

Expenses taken into consideration are those borne for work being done to secure the real property owned or rented by the taxpayer. Are concerned:

- expenses relating to the delivery and the placing of intrusion retardant facade elements: special glass window units, security systems for the different building access points and reinforced doors;
- expenses relating to the delivery and the placing of alarm systems;
- expenses relating to the delivery and the placing of cameras fitted with a recording system.

The obligation to hire a registered contractor does no longer apply.

Expenses taken into consideration as professional expenses or entitling to the investment deduction are rejected.

The tax credit cannot be granted concurrently with one or several of the following tax advantages:
- the tax credit for expenses borne for work aimed at energy saving (cf. below 1.3.2., A);
- the tax credit for expenses for renovation of low-rent dwelling houses (cf. below K).

The tax credit amounts to 30% of the expenses borne during the taxable period, with a maximum of 750 euro.

In the case of aggregated taxable income, the tax credit is granted proportionately to the spouses' income.

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35 Cf. general remark above on page 43 about the conversion of some deductible expenses into tax credits.
Part I: Direct taxation

J. Expenses for renovating low-rent dwelling houses

Expenses which have been actually paid during the taxable period in order to renovate a dwelling house of which the taxpayer is the owner-lessee. 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 11,290 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 1,130 euro in respect of 2013 income.

The tax credit does not apply to:
- expenses taken into consideration as professional expenses;
- expenses entitling to the investment deduction;
- expenses entitling to the tax credit for work aimed at energy saving (cf. p. 53).

Expenses for renovating dwelling houses rented out via a social accommodation agency could give rise to a revaluation of the cadastral income. The entering into force of the revaluation has been postponed for nine years as far as PIT is concerned (36).

In the case of aggregated taxable income, the tax credit is granted proportionately to the part of each of the spouses in both spouses’ global taxable income.

1.3.2. Environment

A. Expenses borne for work aimed at energy saving

Tax credits for work aimed at energy saving have been abolished since tax year 2013, with the exception of roof insulation. This abolishment has been accompanied with transitional measures for expenses incurred in 2012 under an agreement signed before 28 November 2011. Those transitional measures still apply to carried-over tax credits.

ROOF INSULATION

The tax credit for roof insulation has been fixed at 30% of the expenses actually paid during the taxable period. At the start of the works, the dwelling must have been occupied for at least five years. The tax credit is limited to 3,010 euro per taxable period and per dwelling. This amount is increased to 3,910 euro inasmuch as the rise by 900 euro only concerns a carried-over tax credit for expenses relating to the installation of photovoltaic panels.

However, the “freeze” for 9 years on the cadastral income does not apply with respect to the withholding tax on real estate.
Part I: Direct taxation

Personal income tax

It is no longer possible to carry-over the tax credit to the three following taxable periods. The tax credit for roof insulation can no longer be converted into a refundable tax credit.

Expenses considered as professional expenses or entitling to the investment deduction are not taken into account.

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

CARRY-OVER OF TAX CREDITS

However, it is still possible to benefit from a carry-over for some expenses incurred in 2010, 2011 and/or 2012 (37).

Where the expenses incurred in 2012 relate to works carried out under an agreement signed as from 28 November 2011, no carry-over is possible.

Where the expenses incurred in 2012 relate to works carried out under an agreement signed before 28 November 2011, the carry-over remains possible provided the dwelling has been occupied since at least five years at the start of the works.

B. Houses with low-energy consumption

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 (38) 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.

In the case of aggregated taxable income, the tax credit is granted proportionately depending on each spouse’s taxable income in comparison to the sum of both taxable incomes.

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37 For further information about the expenses concerned by this carry-over, it is referred to the previous editions of the Tax Survey.
38 Judgment n°63/2013 of 8 May 2013.

The Tax Survey should not be considered as an administrative circular, no rights can be founded on it. October 2014 issue.
Part I: Direct taxation

C. "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. However, there is no automatic mechanism anymore linking the system of green loans and the above-mentioned tax credit. A green loan can indeed be raised for work which does not entitle or no longer entitles to the tax credit for energy saving because this tax credit has been limited in the meantime, notably as far as recently built dwellings (less than five years) are concerned, and then abolished, with the exception of roof insulation.

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

D. 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.

In the case of aggregated taxable income, the tax credit is granted proportionately to the part of each of the spouses’ global taxable income.

1.3.3. 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 (39) and must be less than 12 years old. This age limit is brought to 18 years old for severely handicapped children.
- 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 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).

39 In case of joint parenthood, each of the joint parents can deduct the personally incurred expenses.
Part I: Direct taxation

Personal income tax

Since 1 January 2008, the deductibility has been extended to child care expenses paid to institutions located in a country of the European Economic Area.

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

The amount entitled 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.

In the case of aggregated taxable income, the tax credit is granted proportionately to each of the spouses' taxable income.

B. Maintenance payments

Maintenance payments are deductable from the total net income when the following conditions are met:

- the beneficiary is not a member of the taxpayer's household;
- the maintenance payment is payable in pursuance of the Civil Code, the Judicial Code or the Law on legal cohabitation (40);
- 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.

Maintenance 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 (41), 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.

In the case of aggregated taxable income, the tax credit is granted proportionately to the spouses' taxable income.

40 Maintenance 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.

41 Similar institutions located in another Member State of the European Economic Area are also taken into account.

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

October 2014 issue.
**Part I: Direct taxation**

**Personal income tax**

**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 3,690 euro.

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

In the case of aggregated taxable income, the tax credit is granted proportionately to the part of each of the spouses in both spouses’ global taxable income.

**E. 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**.

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**. “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 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 2013; where appropriate that amount must be diminished by the nominal value of the LEA vouchers returned to the issuer in the course of the year.

The allowed expenses may not exceed 2,720 euro for expenses incurred before 1 July 2013. With respect to expenses incurred as from 1 July 2013, the new upper limit amounts to 1,380 euro per taxpayer and per year.
Part I: Direct taxation

Where this new upper limit has already been exceeded before 1 July 2013, the total amount of vouchers ordered before 1 July 2013 can be taken into consideration, considering the 30 June 2013 deadline. In other words, the former upper limit (2,720 euro) can still apply to expenses incurred before 1 July 2013.

Example

Someone ordered service vouchers for a total amount of 2,500 euro before 1 July 2013. The former upper limit (2,720 euro) can still apply. However, service vouchers ordered after 1 July 2013 can no longer entitle to the tax credit because the new upper limit (1,380 euro) applies in this case and this limit has already been exceeded.

As far as service vouchers are concerned, the tax credit exceeding the tax due after deduction for dependents, can be refunded (42). This only applies to taxpayers whose income does not exceed 25,990 euro.

In the case of aggregated taxable income, the tax credit for LEA vouchers and service vouchers is granted proportionately to the part of each of the spouses in both spouses' global taxable income.

F. Starters Fund

This tax credit was granted for subscribed bonds issued in 2010.

The condition that the subscriber must keep the bonds in his possession for sixty months, still applies. If this condition is not met, the tax credit granted is revoked proportionately to the number of full missing months and the taxpayer acquiring the so transferred bonds is not entitled to the tax credit.

The tax credit amounts to 5% of the payments, with a maximum of 320 euro for 2013 income.

G. 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 sixty months uninterrupted, except in the case of death. If this condition is not met, the tax credit granted is revoked proportionately to the number of full missing months and the taxpayer acquiring the so transferred bonds is not entitled to the tax credit.

The tax credit equals 5% of the sums paid with a maximum of 320 euro for 2013 income.

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42 For the calculation of this refundable tax credit, see hereafter on page 75. 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 their other incomes.
**Part I: Direct taxation**

**Regional provisions**

A. **Win-win loan (Flemish Region)**

This tax advantage applies to loans granted by natural persons to start-up companies. The win-win loan system was somewhat modified on 1 January 2011.

The **borrower** shall be a micro, small or medium-sized enterprise as defined in the European Recommendation (43). 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.

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 100,000 euro via one or several win-win loan(s).

The **creditor** shall be a natural person whose domicile is located in the Flemish Region. The compliance with this domicile condition is assessed on 1 January of the tax year linked to the taxable period in which the win-win loan was contracted. The tax incentive (see below) is no longer granted for the tax years in which the creditor's residence is not located in the Flemish Region.

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 (2.75% for the year 2013).

The advantage is granted in the form of a tax credit. It includes an annual credit based on the amounts of the loans and possibly a single tax credit if the loan is not repaid by the borrower. The annual tax credit amounts to 2.5% of the arithmetic mean of the amounts which have been lent over the period and is thus limited to 1,250 euro per spouse. The single 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, and cannot exceed 50,000 euro.

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43 Commission Recommendation 2003/361/EC of 06.05.2003 and its possible modifications.
Part I: Direct taxation

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.
Part I: Direct taxation

1.4. Computation of the tax

1.4.0. General principles

<table>
<thead>
<tr>
<th>Tax computation</th>
<th>Description</th>
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<tbody>
<tr>
<td>Tax according to scale (1.4.1.)</td>
<td></td>
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<tr>
<td>- Allowance for dependents (1.4.2.)</td>
<td></td>
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<tr>
<td>- Tax credits for expenses entitling to a tax incentive (1.4.3)</td>
<td></td>
</tr>
<tr>
<td>- Tax credit for replacement income (1.4.4)</td>
<td></td>
</tr>
<tr>
<td>- Tax credit for overtime pay (1.4.5)</td>
<td></td>
</tr>
<tr>
<td>= Reduced “base tax”</td>
<td></td>
</tr>
<tr>
<td>- Tax credit for foreign income (1.4.6)</td>
<td></td>
</tr>
<tr>
<td>= “Principal” on ATI (aggregated taxable income)</td>
<td></td>
</tr>
<tr>
<td>+ Tax on STI (separately taxable income) (1.4.7)</td>
<td></td>
</tr>
<tr>
<td>= “Principal”</td>
<td></td>
</tr>
<tr>
<td>- Withholding taxes, tax credits, advance payments and other items to be set off (1.4.8)</td>
<td></td>
</tr>
<tr>
<td>+ Increases for no or insufficient advance payments (1.4.9)</td>
<td></td>
</tr>
<tr>
<td>- Bonus for advance payments (1.4.9)</td>
<td></td>
</tr>
<tr>
<td>= “State” tax</td>
<td></td>
</tr>
<tr>
<td>+/- Regional and municipal surtaxes (1.4.10)</td>
<td></td>
</tr>
<tr>
<td>+ Tax increases (1.4.11)</td>
<td></td>
</tr>
<tr>
<td>= Amount payable by or to the taxpayer (*)</td>
<td></td>
</tr>
</tbody>
</table>

(*) The amount eventually paid by or refunded to the taxpayer such as stated on the calculation note and on the notice of assessment in respect of personal income tax, includes the tax, the balance of the special social security contribution and the balance obtained after applying the social exemption for the patient’s contribution towards medical costs.

Since 2004 the tax has been fully computed per spouse.

1.4.1. Tax rates

The rates applicable to 2013 income are as follows:

<table>
<thead>
<tr>
<th>Bracket of taxable income</th>
<th>Marginal rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 8,590</td>
<td>25%</td>
</tr>
<tr>
<td>8,590 - 12,220</td>
<td>30%</td>
</tr>
<tr>
<td>12,220 - 20,370</td>
<td>40%</td>
</tr>
<tr>
<td>20,370 - 37,330</td>
<td>45%</td>
</tr>
<tr>
<td>37,330 and more</td>
<td>50%</td>
</tr>
</tbody>
</table>

The Tax Survey should not be considered as an administrative circular, no rights can be founded on it. October 2014 issue.
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 6,990 euro, both for a single person and for a spouse. An additional amount of 280 euro is granted where the taxable income does not exceed 25,990 euro.

When the taxable income amounts to between 25,990 euro and 26,270 euro, a phasing out rule applies: the additional amount granted is progressively reduced proportionately to the difference between the taxable income and the 25,990 euro limit.

The basic exemption is increased by 1,490 euro where the taxpayer is disabled. This is also true where the taxpayer’s spouse is disabled.

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 2014) he is a member of the family (44),
- he has not had personal means of subsistence exceeding a net amount of 3,070 euro (45),

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.

44 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.

45 That amount is raised to 4,440 euro for single persons' dependent children, and to 5,630 euro for single persons' disabled dependent children.
Part I: Direct taxation

The following, however, are not taken into consideration:
- family allowances, maternity allowances, legal adoption premiums, premiums for premarital saving, scholarships;
- 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 maintenance payments or additional maintenance payments;
- maintenance payments regularly made pursuant to an obligation under the Civil Code or Judicial Code, which are paid to children up to 3,070 euro a year;
- pensions, up to 24,760 euro, received by ascendants and collaterals up to the second degree aged 65 or older;
- remunerations received by student workers, up to 2,560 euro.

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 430 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 1.9
Exemptions for dependent children

<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>1,490</td>
<td>1,490</td>
</tr>
<tr>
<td>2</td>
<td>3,820</td>
<td>2,330</td>
</tr>
<tr>
<td>3</td>
<td>8,570</td>
<td>4,750</td>
</tr>
<tr>
<td>4</td>
<td>13,860</td>
<td>5,290</td>
</tr>
</tbody>
</table>

For any child after the fourth, the exemption amounts to 5,290 euro per child.

An additional exemption of 550 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.
**Part I : Direct taxation**  

**Personal income tax**

<table>
<thead>
<tr>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>A couple with three dependent children has a taxable net income of 42,000 euro which, after all deductions, breaks down as follows:</td>
</tr>
<tr>
<td>- taxpayer : 22,000 euro</td>
</tr>
<tr>
<td>- spouse : 20,000 euro</td>
</tr>
<tr>
<td>The taxpayer is awarded an exemption of 15,840 euro which is calculated as follows:</td>
</tr>
<tr>
<td>- exemption for the spouse : 7,270 euro</td>
</tr>
<tr>
<td>- three dependent children : 8,570 euro</td>
</tr>
</tbody>
</table>

This exempted bracket includes the first two brackets of the progressive rate structure (Table 1.8). The remaining income is taxed at 40% up to 20,370 euro, i.e.4,530 euro, and at 45% above this limit.

The spouse is entitled to an exemption of 7,270 euro. So 1,320 euro will be taxed at 25% and the remainder will be taxed at the succeeding tax bracket(s).

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.

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 430 euro per dependent child.

**C. Specific family situations**

The other exemptions are as follows:

- ascendants and collaterals up to the second degree included, aged more than 65: 2,970 euro
- other dependent persons: 1,490 euro
- disabled dependent persons (46): 1,490 euro
- single person with dependent children: 1,490 euro
- spouse whose income does not exceed 3,070 euro: the year of marriage or the year of declaration of legal cohabitation, provided the assessment is made per taxpayer: 1,490 euro

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

---

46 With the exception of children.
Part I: Direct taxation

1.4.3. Expenses entitling to a tax credit

As stated in Section 1.3, certain expenses entitle to a tax credit.

Table 1.10 lists these expenses, the rate and – if necessary – the maximum amount of the tax credit.

**Table 1.10**

*Expenses entitling to a tax credit for tax year 2014*

<table>
<thead>
<tr>
<th>Expenses entitling to a tax incentive</th>
<th>Rate and ceiling of tax credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term savings and investment in real property</td>
<td>Marginal rate</td>
</tr>
<tr>
<td>“Housing-saving” (see definition at 1.3)</td>
<td>Marginal rate</td>
</tr>
<tr>
<td>Individual life insurance premiums and mortgage capital repayments, when not considered as “housing-saving”</td>
<td>Harmonised rate of 30%</td>
</tr>
<tr>
<td>Pension savings scheme</td>
<td></td>
</tr>
<tr>
<td>Personal premiums for group insurance contracts and pension funds</td>
<td></td>
</tr>
<tr>
<td>Sums paid for the acquisition of employers’ shares</td>
<td></td>
</tr>
<tr>
<td>Expenses for making dwellings secure against burglary and fire</td>
<td>30% of the expenses Maximum 750 euro</td>
</tr>
<tr>
<td>Expenses for renovating low-rent dwelling houses</td>
<td>5% of the expenses for 9 years Maximum 1,130 euro</td>
</tr>
<tr>
<td>Environment</td>
<td></td>
</tr>
<tr>
<td>Roof insulation</td>
<td>30% of the expenses Maximum 3,010 euro</td>
</tr>
<tr>
<td>Tax credit carried over for expenses concerning photovoltaic panels</td>
<td>Increase by 900 euro of the above-mentioned amount</td>
</tr>
<tr>
<td>“Green” loans</td>
<td>30% of the interest, after deduction of the interest rate subsidy</td>
</tr>
<tr>
<td>Electric vehicles</td>
<td>15% of the expenses Maximum 4,940 euro (quadricycles) / 3,010 euro (motorcycles or tricycles)</td>
</tr>
<tr>
<td>Other expenses (tax credits granted at federal level)</td>
<td></td>
</tr>
<tr>
<td>LEA vouchers and service vouchers</td>
<td>30%</td>
</tr>
<tr>
<td>Shares of recognised development funds</td>
<td>5% of the expenses Maximum 320 euro</td>
</tr>
</tbody>
</table>
1.4.4. Tax credits on replacement income

Pensions, pre-pensions, 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.

This tax credit is calculated and granted per spouse. Its computation is based on the basic amount, indexed annually (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 2013 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>Pre-pensions (*)</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>

(*) Henceforth called “unemployment with company allowance regime”

(**) 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 2014) 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.
Part I: Direct taxation

Personal income tax

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 survivors' 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 15,443.08 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.

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 1.11 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.
**Part I : Direct taxation**

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

**Table 1.12**  
*Vertical limitation of the tax credits: general rule*

<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 44,860 euro</td>
<td>R’ = [R<em>1/3] + [R</em> 2/3 * (44,860 – ATI) / 22,430]</td>
</tr>
<tr>
<td>More than 44,860 euro</td>
<td>R’ = R * 1/3</td>
</tr>
</tbody>
</table>

**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:

**Table 1.13**  
*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*(28,000 – 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 6,990 euro (i.e. where the ATI is lower than 25,990 + [7,270 – 6,990 euro]) (47). 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 6,990 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 entitling to this tax relief. This limitation will apply, for example, where the basic amount of the credit exceeds the taxpayer’s tax liability.

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47 As regards the increase in the zero-rate band for low income, cf. page 62.

68 The Tax Survey should not be considered as an administrative circular, no rights can be founded on it. October 2014 issue.
Part I: Direct taxation

Personal income tax

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 17,477.08 euro
- in respect of pensions and other forms of replacement income 15,443.08 euro
- in respect of sickness and invalidity insurance (SII) benefits 17,158.98 euro

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

In the case of aggregated taxable income, the total net income of both spouses is taken into consideration for the application of the additional credit for pensions and replacement income.

1.4.5. Tax credits for overtime pay

A tax credit is granted to persons employed in the market sector, the non-market sector and autonomous public undertakings, who have worked overtime.

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 tax credit cannot exceed the tax which applies to net taxable salary and wages.

1.4.6. 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 these incomes 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, only the part of the aggregate income originated in countries with which Belgium has signed a double taxation agreement (DTA) is eligible for the tax credit.

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.
1.4.7. Separate taxation and computation of the principal

A. 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.

These incomes escape aggregation and are taxed at special rates mentioned hereafter. Total aggregation (inclusion of this 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.

The tax on separately taxable income is calculated as follows.

INCOME FROM MOVABLE PROPERTY

The assessment rates vary between 10% and 25% according to the case: the conditions and terms are detailed in Table 1.2, page 29.

MISCELLANEOUS INCOME

The taxable amount of miscellaneous incomes has been detailed above (48). The tax rates applying to these incomes are the following:

48 See page 30.
Table 1.14
Rates of separately taxed miscellaneous income (2013 income)

<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>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>25%</td>
</tr>
<tr>
<td>Income from sublease or from transfer of a lease</td>
<td>25%</td>
</tr>
<tr>
<td>Income from permission to place advertising boards</td>
<td>25%</td>
</tr>
<tr>
<td>Income from the permission to place GSM masts</td>
<td>25%</td>
</tr>
<tr>
<td>Income from sporting rights (hunting, fishing, trapping)</td>
<td>25%</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>

(*) Income from the permission to place GSM masts is treated as miscellaneous movable income insofar as it has been received as from 1 January 2012. The separate rate also applies to the legal entities income tax.

**Earned income**

In many cases earned income which can enjoy the separate taxation is taxed at an average rate, calculated by dividing the reduced “base tax” by the aggregate taxable income. As stated in the chart at the beginning of Section 1.4, the reduced “base tax” is the tax subsisting after application of the tax credits for replacement income and overtime pay.
### Table 1.15
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 maintenance payments</td>
<td>the current year’s average rate</td>
</tr>
<tr>
<td>Fee arrears</td>
<td></td>
</tr>
<tr>
<td>Capital gains from professional activities</td>
<td>16.5%</td>
</tr>
<tr>
<td>Gross regional employment premiums (*) &lt; 180 euro per month</td>
<td>10.38%</td>
</tr>
<tr>
<td>Young sportsmen’s remunerations, first 18,520 euro gross bracket</td>
<td>16.5%</td>
</tr>
<tr>
<td>Volunteer sporting activity as self-employed secondary activity, first 18,520 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 an 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 at the “usual date” or earlier.

“Usual date” (49) means:
- the retirement of the beneficiary (50);
- from the age of 60;
- the death of the insured.

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49 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.

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

72 The Tax Survey should not be considered as an administrative circular, no rights can be founded on it. October 2014 issue.
**Table 1.16**  
*Taxation upon the liquidation of the capital of a group insurance*

<table>
<thead>
<tr>
<th>Liquidation of capital or surrender value 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>
<tbody>
<tr>
<td><strong>employer’s contributions</strong></td>
<td>separate taxation at a 16.5% rate</td>
<td>separate taxation (rates applicable to capital paid as from 1 July 2013) (cf. also table hereafter)</td>
</tr>
</tbody>
</table>
| | | payment at the age of 60 years: 20%  
61 years: 18%  
62 and 64 years: 16.5%  
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 value before legal date | | |
| **employer’s contributions** | taxation at marginal rate | taxation at marginal rate |
| **employee’s contributions** | taxation at marginal rate | taxation at a 33% rate |

(*) 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.

Under the increase in the minimum retirement age to 62 years, the tax system applicable to supplementary pension lump sums in the second pillar has been modified. The table hereafter summarizes the tax treatment, depending on whether employer’s contributions were paid before or after 1 July 2013.

**Table 1.17**  
*Tax system applicable to employer’s contributions paid before or as from 1 July 2013*

<table>
<thead>
<tr>
<th>Age at which supplementary pension lump sums have been paid</th>
<th>Employer’s contributions paid before 1 July 2013</th>
<th>Employer’s contributions paid as from 1 July 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>unemployment with company allowance regime (formerly referred to as “prepension”).</td>
<td>Legal early retirement</td>
</tr>
<tr>
<td>60 years</td>
<td>16.5%</td>
<td>20%</td>
</tr>
<tr>
<td>61 years</td>
<td>16.5%</td>
<td>18%</td>
</tr>
<tr>
<td>62 years - 64 years</td>
<td>16.5%</td>
<td>16.5%</td>
</tr>
<tr>
<td>65 years</td>
<td>10% (where actually remained professionally active until the legal retirement age) otherwise 16.5%</td>
<td>10% (where actually remained professionally active until the legal retirement age) otherwise 16.5%</td>
</tr>
</tbody>
</table>

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.
Part I: Direct taxation

B. Calculation of the principal

The “principal” is calculated by adding:

- the tax payable on the ATI (after credit for foreign income),
- and the tax payable on the separately taxable income.

It serves as a basis for the computation of the surcharges.

1.4.8. Tax credits and withholding taxes

A. Tax credit for increase of “own assets”

Taxpayers declaring profits or proceeds are entitled to a 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 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.

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

The amount of the tax credit may not exceed the part of the personal income tax relating to the net profits and proceeds in respect of which the tax credit is granted. If the amount of the “principal” does not allow for a total deduction of the tax credit, the remainder can be carried over, for a period not exceeding three taxable periods, the method of calculation being always the same.

The tax credit set-off is subject to the condition 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 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.
Part I: Direct taxation

Personal income tax

Taxpayers subject – entirely or partially – to lump sum taxation, are not entitled to the refundable tax credit.

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:

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

### 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 8.95% of the reduction in personal social security contributions which is actually granted on remunerations earned during the taxable period.

It cannot exceed 200 euro per taxable period.

### D. Refundable tax credit for service vouchers

The portion of the tax credit for service vouchers which could not be offset, is refundable.

The amount which could not be offset is the amount exceeding the tax due after deduction for dependents. However, when the taxable income consists only of replacement income not exceeding the upper limits mentioned in Section 1.4.4, paragraph F, page 69, the refundable tax credit is equal to the tax credit for service vouchers. Consequently, the tax credit can also be granted to the taxpayer whose sole income is social minima, even though he is not taxable.

Where the phasing out rule mentioned in Section 1.4.4 applies, the refundable tax credit is equal to the tax credit for service vouchers after deduction of the tax remaining after application of the phasing out rule.
**Part I: Direct taxation**

**Personal income tax**

**E. Refundable tax credit for energy saving expenses**

The tax credit for energy saving expenses only remains applying where it concerns the carried-over surplus of the tax credit relating to the expenses paid in the years 2010 to 2012.

**F. Offsetting**

Are successively set off against the “principal” (51):

- the withholding tax actually due on the cadastral income of the personal dwelling house, up to a maximum amount of 12.5% of the portion of the cadastral income that is actually included in the tax base,
- the fixed foreign tax credit (FFTC), inasmuch as it relates to securities invested in a professional activity,
- the tax credit for increase of “own assets”.

If these offsets exceed the amount of the tax due to the State, the amount in excess is not creditable against additional taxes and is not refundable.

Are then offset:

- the tax credit on low activity income;
- the tax credit for low-income workers;
- the tax credit computed on the portion of the exempted amounts for dependent children that exceeds the tax due;
- the tax credit for service vouchers;
- the tax credit for energy-saving expenses (roof insulation).

The remainder is creditable against additional taxes and, if it amounts to at least 2.50 euro, it is refundable.

Are next set off, the refundable withholding taxes (withholding tax on movable property and withholding tax on earned income) and the advance payments.

**1.4.9. Increases and bonuses**

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, a new ruling has been introduced which assures the transfer of advance payments made by the allocating spouse. So advance payments are used:

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51 The application of the FFTC and the tax on income from movable property is limited according to the time during which the securities are held.
Part I: Direct taxation

Personal income tax

- to make up the allocating spouse’s tax increases;
- the remainder will be used to make good tax increases due by the spouse who is allocated an assisting spouse quota;
- the remainder, if any, is used to compute tax bonuses.

Increases and bonuses are calculated on the basis of a reference rate. **For 2013 income, this rate is 1%.**

Advance payments must have been made:
- for the first quarter (AP1), no later than 10 April 2013;
- for the second quarter (AP2) no later than 10 July 2013;
- for the third quarter (AP3), no later than 10 October 2013;
- for the fourth quarter (AP4), no later than 20 December 2013.

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.

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.
Increases and bonuses are calculated as follows:

**Table 1.19**

*Increases and bonuses in respect of advance payments*

<table>
<thead>
<tr>
<th>Increase</th>
<th>Bonus</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Base</strong></td>
<td><strong>Rate of increase</strong></td>
</tr>
<tr>
<td>- the tax calculated in respect of income from a self-employed activity considered separately or the tax which relates proportionally to this income, if it is lower;</td>
<td>2.25 times the reference rate, i.e. 2.25%</td>
</tr>
<tr>
<td>- increased to 106%, less withholding taxes, tax credit and items which can be set off against the income thus increased.</td>
<td>Amounts payable</td>
</tr>
<tr>
<td></td>
<td><strong>Amounts payable</strong></td>
</tr>
<tr>
<td>AP1: 3% (3.0 x the reference rate)</td>
<td>AP1: 1.5% (1.5 x the reference rate)</td>
</tr>
<tr>
<td>AP2: 2.5% (2.5 x the reference rate)</td>
<td>AP2: 1.25% (1.25 x the reference rate)</td>
</tr>
<tr>
<td>AP3: 2% (2.0 x the reference rate)</td>
<td>AP3: 1% (1.0 x the reference rate)</td>
</tr>
<tr>
<td>AP4: 1.5% (1.5 x the reference rate)</td>
<td>AP4: 0.75% (0.75 x the reference rate)</td>
</tr>
</tbody>
</table>

**Adjustments**

- the increase is reduced by 10%
- the increase is reduced to nil if it amounts to less than 30 euro or 1% of its base
- contingent exemptions for beginning self-employed

No bonus is awarded for excess AP.
1.4.10. Regional and municipal surtaxes

As far as regional surtaxes are concerned, the tax credit in the Flemish Region has been abolished since tax year 2012 and no other Region has introduced regional surtaxes.

Municipal surcharges are calculated at the appropriate rate which is specific to each municipality and which is based on the “principal”.

Interest and dividends, provided they have no professional nature, are not taken into consideration for the application of municipal surcharges.

1.4.11. 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:</td>
<td></td>
</tr>
<tr>
<td>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:</td>
<td></td>
</tr>
<tr>
<td>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>
**Part I : Direct taxation**

**Personal income tax**

**B. Limit value of increase**

The total sum of the taxes payable on the income for which no return was made and the penalties applied thereto cannot exceed the income.

The limit value of non-reported income below which the increase does not apply, amounts to 3,660 euro.
CHAPTER TWO
CORPORATE INCOME TAX (CIT)

What is new?

- **Introduction of a minimum income tax for companies (fairness tax).**
- **Changes in the system relating to the allowance for corporate equity:**
  * abolishment of the possible allowance for corporate equity for shares held in treasury investments from which the income entitles to the deduction for participation exemption;
  * net assets of foreign permanent establishments are no longer excluded from the basis for the calculation of the notional interests.
- **Separate tax amounting to 0.4% for other companies than SMEs as defined in the Corporation Code.**
- **Separate contribution (15%) on dividends under the anti-abuse provision of the transitional system as regards liquidation surpluses.**
- **“Secret commissions” system: additional legal exception to its application.**
- **Amendments to the tax shelter system for audiovisual work (framework agreements concluded as from 1 July 2013).**
- **Relaxing of the patent income deduction for SMEs.**

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 2014 therefore applies to profits from financial years closed between 31 December 2013 and 30 December 2014.

Changes entering into force as from 1 January 2014 or later are not mentioned here.

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.

Nonetheless, the law explicitly points out a number of exceptions, the most important of which apply to inter-municipal associations.

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.
Part I: Direct taxation

Corporate income tax

The law specifies, however, that the following are not considered profit-making activities:

- 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 (52).

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.);
- deduction for patent income (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-over allowances for corporate equity (see 2.3.9.).

The net taxable profit thus calculated is taxed globally.

52 See page 109 and following.
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 over, 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 (53) 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.

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.

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53 See pages 122 and following.
Profits exempted in the framework of the tax shelter agreement for audiovisual work

Since 2003, 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/those agreement(s) is/are concluded between the company producing the audiovisual work and the company or companies financing it.

The production company should be a resident company or the Belgian establishment of a foreign production company.

Are considered as “audiovisual work”:
- fiction, documentary or animation feature films intended for distribution;
- TV fiction feature films (54);
- animation TV-series;
- documentary TV films;
- 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.

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 production company from the proportion financed by the other parties to the “framework agreement”.

Exemption of the profits is subject to the following conditions:
- the total amount of the sums paid for the execution of the framework agreement under exemption of profits may not exceed 50% of the total expenses budgeted for the production of the audiovisual work;
- as regards any of the companies participating in the financing, the exemption may exceed neither 50% of the profits of the taxable period nor 750,000 euro (55);
- 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;
- as regards framework agreements concluded as from 1 July 2013, additional conditions have been fixed. The part of the budget which must be spent in Belgium has been fixed at 90% of the total funds collected and at least 70% of the global budget must be used for expenses directly related to production.

The profits are exempted up to 150% of the sums paid, provided the above-mentioned conditions have been met.

54 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.

55 The part of the sums entitling to tax-exemption that cannot be exempted because of lack or insufficiency of profits, is carried over to the next taxable periods.
Investment reserve

The reform of CIT entered into force in 2003 creates the possibility to constitute an exempted investment reserve. This possibility 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.

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 (56). This three-year period starts the first day of the taxable period in respect of which the investment reserve was constituted. If these conditions are 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 98).

Exempted regional aid

By way of derogation from the general system which includes regional aid in the tax base (57), 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.).

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56 See below, page 98.
57 See chapter 3, page 121.
B. Deductibility of expenses and disallowed expenses (DE)

The general principle of deductibility of expenses is the same as with PIT (58).

Expenses paid for enterprise crèches are deductible within the limits and conditions set out in chapter 3 (59).

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 (60),
- certain pensions and pension contributions,
- amounts attributed within the framework of employee equity participation and employee participation in profits and enterprise results (61).

Some of these elements are explained hereafter.

Depreciation rules are described in Chapter 3 (62). 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.

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58 See above, page 39.
59 See below, page 125.
60 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.
61 This system is described in the annex to this chapter.
Part I: Direct taxation

Corporate income tax

SMEs such as defined in the Corporation Code

According to Article 15 of the Corporation Code, “small companies” are companies possessing legal personality and having not exceeded more than one of the following criteria in both the last and the last but one approved financial years:

- annual work force average: 50
- annual turnover (excluding VAT): 7,300,000 euro
- balance-sheet total: 3,650,000 euro

A company whose annual work force average exceeds 100, falls beyond the scope of the definition.

All criteria are fully described in article 15, § 1-6, of the Corporation Code.

Deductibility of Taxes

Corporate income tax (fairness tax included) and the related crisis surcharge (CS), advance payments and allowable withholding taxes (63) 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.

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 does not apply to the taxes referred to in art. 3 of the special law settling the financing of the Communities and Regions, i.e. the former federal taxes in respect of which the powers 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). These taxes remain deductible. As a result, the non-deductibility applies to Regions’ own taxation. An exception to the non-deductibility of regional taxes has been introduced in favour of the “kilometre tax” that must be introduced by the Regions to replace the Eurovignette.

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 (64),
- 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.

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63 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 105).
64 See infra, page 91.

The Tax Survey should not be considered as an administrative circular, no rights can be founded on it. October 2014 issue.
Part I: Direct taxation

Corporate income tax

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 (65). 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 (66).

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.).

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 motor 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).

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65 The burden of proof lies with the taxpayer.
66 Thin capitalisation rules have been modified by the programme law of 6 April 2012. The new rules have been applied as from 1 July 2012 and were described in the supplement to the Tax Survey (April 2012). However, the rules have been amended since then by the programme law of 22 June 2012 (introduction, among other things, of a special system for companies managing the cash pooling of the group).
Part I: Direct taxation

Corporate income tax

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>61 - 105</td>
<td>100%</td>
</tr>
<tr>
<td>106 - 115</td>
<td>106 - 125</td>
<td>106 - 125</td>
<td>90%</td>
</tr>
<tr>
<td>116 - 145</td>
<td>126 - 155</td>
<td>126 - 155</td>
<td>80%</td>
</tr>
<tr>
<td>146 - 170</td>
<td>156 - 180</td>
<td>156 - 180</td>
<td>75%</td>
</tr>
<tr>
<td>171 - 195</td>
<td>181 - 205</td>
<td>181 - 205</td>
<td>70%</td>
</tr>
<tr>
<td>&gt; 195</td>
<td>&gt; 205</td>
<td>&gt; 205</td>
<td>50%(**)</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 (67), 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).

67 To the exclusion of allowances in respect of individual life insurance contracts.
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 17% of the benefit in kind resulting from the private use of a vehicle put at disposal by the employer.

C. Distributed profits

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 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 (68),
- 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 (69).

68 See above “disallowed expenses”.
69 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.

The Tax Survey should not be considered as an administrative circular, no rights can be founded on it.
October 2014 issue.
**Part I: Direct taxation**

**Corporate income tax**

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**REPURCHASE OF OWN SHARES, TOTAL OR PARTIAL DISTRIBUTION OF COMPANY ASSETS**

Distributed dividends also include allocations made upon the acquisition of own shares (70). The rate of the withholding tax on movable property has been fixed at 25% 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 of partial) distribution of company assets (71), 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 10% of the amount considered as a distributed dividend is levied (72).

### 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.
- 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. Miscellaneous exemptions

The following are deducted:

- the 15,050 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 (73);
- exemption of 20% for the remunerations paid or allocated to workers in respect of whom the employer benefits a trainer’s bonus (74);
- the 5,600 euro exemption for each additional staff member in SMEs (75);
- gifts. The deduction of gifts can, however, exceed neither 5% of the taxable profit as computed in 2.3.1., nor 500,000 euro.

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70 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.

71 The provisions relating to the distribution of company assets are also applicable when the registered office or the principal seat of business is transferred abroad.

72 Those rates of withholding tax on income from movable property are those in force for tax year 2014.

73 See Chapter 3, page 120.

74 See Chapter 3, page 121.

75 See Chapter 3, page 120.
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 (76).

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.

2° The second case of exclusion concerns income allocated or assigned by financing companies (77), money market funds (78) or investment companies (79) which, although they are liable in their country to a tax similar to CIT, are subject to a 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 (80).

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.

76 The participation exemption system can apply to accounting capital gains realised from shares in SICAVs/BEVEKS entitling 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).

77 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.

78 A money market fund is any company whose activities exclusively or mainly consist in investing cash funds.

79 An investment company is any company whose activities exclusively consist in investing mutual funds.

80 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.
Part I: Direct taxation

Corporate income tax

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.

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.

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 (81):

- ‘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.

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81 This is made in order to prevent amounts from being deducted from those disallowed expenses because it would imply their non-taxability.
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.

**CARRY-OVER 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 over the next taxable periods, as a consequence of the “Cobelfret” judgment of the European Court of Justice (82).

The Court indeed considered that the non-carry-over 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-over 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 (83), 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**

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, as from tax year 2014, it is no longer necessary for SMEs 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;
- 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 profit, the balance of the deduction for patent income cannot be carried over the next taxable periods.

### 2.3.6. Allowance for corporate equity

The allowance for corporate equity or tax system applying to notional interests (84) 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 (85), 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.

As from tax year 2014, 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 (86) and as from tax year 2014, 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.

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86 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

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).

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 2012 for tax year 2014. The rate calculated in this way amounts to 2.742%. The maximum rate of 3% fixed as from tax year 2013 is therefore not exceeded.

The rate for 2013 is thus set at 2.742% and at 3.242% for SMEs. For companies recognised as SMEs according to Article 15 of the Corporation Code (see page 88), in respect of the tax year covering the taxable period during which they have benefited from the allowance for corporate equity, this rate is indeed increased by 0.50 point.

NON-ELIGIBLE COMPANIES

Are not eligible for the notional interest deduction (87):

- 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-OVER FOR INSUFFICIENCY OF PROFITS

As from tax year 2013, 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 over.

However, with respect to companies still having remaining allowances for corporate equity which can be carried over on 31 December 2011 (or at the end of the taxable period linked to tax year 2012), the carry-over within the deadlines previously provided for (88) remains possible; however, above one million euro, the carry-over is limited to 60% of the remaining profits.

An extension of the carry-over period is planned for the amounts which could not be deducted because of this 60% limit.

The deduction of the stock of carry-overs 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.

87 Coordination centres and conversion companies have been deleted from the list of exclusions.
88 Where profits were lacking or insufficient, the deduction not used could be successively carried over to the profits of the subsequent seven taxable periods.
Part I: Direct taxation

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 (89).

2.3.8. Investment deduction

The arrangements for investment deductions are detailed hereafter in chapter three. The allowance is in force:

- for “green” R&D investments, energy-saving investments, investments made until 31 December 2012 in recharging stations for electric vehicles, 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;
- in the "spread deduction" form.

The applicable rates and the conditions under which deductions are granted, are detailed in chapter 3.

2.3.9. Deduction of the stock of carried-over 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-over 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 (90);

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;

90 “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

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% 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. 103);

g) dividends to which the fairness tax applies (see p. 100).

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.

<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 fulfil 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, fulfil one condition in respect of its activity (91). The company must not hold shares with an investment value exceeding 50% of either the revalorised 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 at 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.

91 The reduced rates were also refused to companies being part of a group to which a coordination centre belongs. This reference to coordination centres has been abolished as from 10 January 2014.
Part I: Direct taxation

Corporate income tax

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 fulfil 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 as from 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-over 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 basis 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.
**Part I: Direct taxation**

**Corporate income tax**

**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 will not be further reduced if there is a withdrawal from profits realised, undistributed and taxed as from tax year 2015.

Tax year 2014 is particular because the dividends distributed for this tax year can never be considered as taxed reserves of the same tax year.

**Example 1**

- **Dividend distributed for tax year 2014:** 3,000
- **Withdrawal from previously taxed reserves:** 3,200

*In this case, the company is not liable to the fairness tax for tax year 2014 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-over losses actually carried out for the taxable period and the allowance for corporate equity actually carried out for the same taxable period (92);
- 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.

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92  The stock of notional interests is not taken into account.
**Part I: Direct taxation**

**Corporate income tax**

**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-over 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 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) has been introduced on capital gains on shares which are in principle totally exempted and 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. **Tax credit for research and development**

A tax credit for R&D is granted for investments in patents and “green” R&D investments.

**INVESTMENTS TAKEN INTO ACCOUNT**

The 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 a professional activity.

**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 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 14.5% (tax year 2013, investment R&D)
- Spread investment deduction rated at 21.5% (tax year 2014, investment R&D)
- Nominal rate of corporate income tax fixed at 33.99% (crisis surcharge included)

  **Tax credit applied in one go:**
  
  \[ 1,000 \times 14.5\% \times 33.99\% = 49.28 \text{ euro} \]

  **Spread tax credit (according to the accepted fiscal depreciation, e.g. over five years):**
  
  \[ 1,000 \times 20\% \times 21.5\% \times 33.99\% = 14.61 \text{ euro} \]

**ARRANGEMENTS**

Assets invested in R&D shall be used to this end for the whole period of depreciation. Otherwise, a part of the granted tax credit will have to be refunded.

**INCOMPATIBILITY**

Companies have to choose between the 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

EXCLUSION FROM ENTITLEMENT TO THE 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 tax credit for R&D (93).

CREDITING AND CARRY-OVER

The tax credit fully applies to corporate income tax. As appropriate, it can be carried over successively to the subsequent four tax years.

Table 2.3.

Offset ceiling of the R&D tax credit

<table>
<thead>
<tr>
<th>Total amount of the R&amp;D tax credit to be carried over</th>
<th>Offset limitation of the R&amp;D tax credit to be carried over per tax year</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 158,670 euro</td>
<td>none</td>
</tr>
<tr>
<td>from 158,670 to 634,680 euro</td>
<td>158,670 euro max.</td>
</tr>
<tr>
<td>634,680 euro and more</td>
<td>25% of carry-over</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 (94), 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 established as from 2003 and which are considered as “small companies” within the meaning of the Corporation Code, are exempted from the tax increase during the first three financial years after their establishment (95).

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.

93  See Chapter 3, page 117.
94  See above, page 78.
95  See above, page 88.
**Part I : Direct taxation**

**Corporate income tax**

**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 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 income cannot be set off against CIT, but is to be considered an allowable 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 FTC corresponds to the tax actually withheld.

As regards interests, it is determined as follows:

- the rate of the FTC 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 FTC 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**

**Special tax of 309%**

Excluding “corruption”-type expenses, the separate tax on secret commissions (309%) applies to expenses and benefits in kind which are not justified in the legal way (individual forms and recapitulative statements) and to undisclosed reserves. This special tax constitutes a professional expense for the company.

**Exceptions:**

1. The beneficiary has spontaneously mentioned the benefit (that does not appear on individual forms) in his return which has been submitted within the time limit. In this case, the company is not liable to the special tax and the disallowed expenses are not increased.

2. The beneficiary has not spontaneously mentioned the benefit in his return, but he is taxed within the suitable time limit. The special tax does not apply and the disallowed expenses are not increased.

3. Idem 2, but the company is not sincere. The special tax does not apply where the beneficiary is taxed for the benefit within the time limit, but the benefit is added to the company's disallowed expenses.
Part I: Direct taxation

Corporate income tax

The special tax does not apply where the beneficiary is subject to an effective and final taxation (within the time limit) for the benefit (not mentioned on forms) (96).

The separate tax is no longer established if the beneficiary is subject to an effective and definitive PIT. The establishment of the separate tax is henceforth considered as an exceptional measure to be applied in the cases in which the beneficiary can no longer be subject to the effective and definitive PIT. Where the company is not dishonest, the tax does therefore not apply. Economic double taxation can be avoided in this way.

Separate tax of 15% on dividends

Under the anti-abuse provision relating to the transitional system as regards liquidation surpluses, a separate tax must be paid in the corporate income tax if the companies reduce their ordinary dividends (liable to the 25% withholding tax on movable property) in favour of dividends injected in the share capital (liable to the 10% withholding tax on movable property).

96 For more details with respect to recent changes in the system applied to secret commissions, cf. circular CI.RH.421/628.803 of 22 July 2013.

106 The Tax Survey should not be considered as an administrative circular, no rights can be founded on it. October 2014 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, for corporate equity, of previous losses, or investment deduction can apply to the allocated amount considered as disallowed expenses.
**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** (97) insofar as the participation plan provides for a non-redemption period that can neither be inferior to two years nor longer than five years. Where the non-redemption period is not respected, a supplementary 23.29% tax is charged (98).

**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.

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97 This levy is a tax assimilated to income taxes. See Part II, Chapter 8, page 278.

98 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 advanced ruling procedures

The law of 24 December 2002 established a new legal framework in respect of advanced ruling, which entered into force on 1 January 2003. It replaces all prior provisions related to this matter.

Definition and general principles

‘Advanced 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 advanced 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.

Advanced 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 advanced ruling system. This report shall be published.

Field of application

The system for advanced 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

d) no advanced 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 (99).

e) the application concerns a situation in respect of which it would be inappropriate to give an advanced 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 advanced 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 in respect of which the advanced 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 advanced ruling, are not;

b) where the situation or operations have been described incompletely or incorrectly by the applicant;

________________________
99 There are no more jurisdictions on the OECD list of uncooperative tax havens, because the last jurisdictions listed (Andorra, Liechtenstein and Monaco) made commitments to implement the OECD’s standards of transparency and exchange of information.

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

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Corporate income tax

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 advanced ruling appears not to be conform with the provisions of the agreements, of common law or of national law.

Moreover, an advanced 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.

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 (100) 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.

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100 Including the withholding taxes on the income which it collects and excluding depreciations and capital losses on shares.
Part I: Direct taxation

Corporate income tax

Income from a distribution SICAV/BEVEK is considered a dividend and is liable to the 25% 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 (101).

However, with respect to capitalisation SICAVs/BEVEKS having invested at least 25% (102) of their portfolio in interest-bearing debt securities (notably bonds, Treasury certificates) and having or not a European passport (103), 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 25% 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 (104) entitle, to a limited extent (105), 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% (as from 1 August 2012) (106);
- repurchase of its own shares by capitalisation SICAVs/BEVEKS: 1% (as from 1 August 2012) (107).

101 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.

102 The investment threshold in debt securities of 25% applies to operations carried out since 20 December 2012 (previously: 40%).

103 This percentage can be assessed per SICAV/BEVEK subfund. In this case, the rule only applies to the subfunds exceeding 25%. Cf. also Chapter 6, page 143 for the application scope as from 1 July 2013 (SICAVs/BEVEKS without European passport).

104 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.

105 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.

106 The tax has been temporarily increased to 1% for the period from 01.08.2012 to 31.12.2014.

107 The tax has been temporarily increased to 1% for the period from 01.08.2012 to 31.12.2014.

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Organisations for Financing Pensions

In the framework of the European Directive on the activities and supervision of institutions for occupational retirement provision (108), 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. The private PRICAF/PRIVAK system was reformed in 2007 in order to make it more flexible and more attractive.

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 (109).

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 (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.

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109 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

Tax system for investors

THE INVESTOR IS A PRIVATE PERSON

Dividends distributed by PRICAFs/PRIVAKS are liable to a 25% 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?

- Capital gains on shares realised by another company than a SME: separate tax of 0.4%.
- Agricultural support measures remain applicable to the year 2013.

3.1. Tax rules for 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 (111), the first annuity is apportioned in function of the number of days elapsed since the acquisition.

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:

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110 In some cases, the straight-line depreciation can be doubled: see page 122.
111 See supra, Chapter 2, page 87.
Part I: Direct taxation

Provisions common to personal income tax and corporate income tax

- inclusion in the depreciation value of the property with simultaneous depreciation;
- separate depreciation according to a specific scheme \( (112) \), 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 \textit{pro rata} limitation of the annuity in respect of the year of acquisition also applies to the additional costs.

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 the bicycle by the staff for commuting

The deduction concerns the expenses incurred by the employer to acquire, construct or convert a real estate intended for bicycle storage 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 of repair bicycles and their accessories put at the staff’s disposal.

3.3. Investment incentives: investment deduction

3.3.1. Principle

The investment deduction \( (113) \) 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.

\[112\] For motor vehicles, the additional costs must be written off at the same rate as the vehicle itself.


\[116\] The Tax Survey should not be considered as an administrative circular, no rights can be founded on it.

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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 itself 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 (114).

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 (115),
- investments financed through a coordination centre,
- 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 (116).

3.3.3. Calculation basis

It is the amount that can be depreciated which determines the basis for calculation of the investment deduction.

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114 As from tax year 2013, 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.

115 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.

116 Except for vehicles assigned exclusively to taxi services, to rent with driver and to practical training in recognised driving-schools.
**Part I: Direct taxation**

**Provisions common to personal income tax and corporate income tax**

### 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**

Since the investment deduction was de-activated the deduction at the basic rate is restricted to:

- investments by natural persons,
- investments aimed at the production and the recycling of reusable packaging.

**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);
- to 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);
- for investments made until 31 December 2012, to the installation of recharging stations for electric vehicles (+10 points);
- to energy-saving investments (+10 points);
- to investments aimed at the installation of smoke extraction or air treatment systems in the Horeca sector (+10 points);
- to 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.
### Part I: Direct taxation

Provisions common to personal income tax and corporate income tax

#### Table 3.1.

Rates of investment deduction – Tax year 2014 (117)

<table>
<thead>
<tr>
<th>Nature of the investment</th>
<th>Deduction rate</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Natural persons</td>
<td>Companies</td>
<td></td>
</tr>
<tr>
<td>Allowance in one go</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic rate applicable to ordinary investment</td>
<td>4.5%</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Increased rates</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Patents (*)</td>
<td>14.5%</td>
<td>14.5%</td>
<td></td>
</tr>
<tr>
<td>“Green” R&amp;D investments (*)</td>
<td>14.5%</td>
<td>14.5%</td>
<td></td>
</tr>
<tr>
<td>Recharging stations for electric vehicles (**)</td>
<td>14.5%</td>
<td>14.5%</td>
<td></td>
</tr>
<tr>
<td>Energy-saving investments</td>
<td>14.5%</td>
<td>14.5%</td>
<td></td>
</tr>
<tr>
<td>Smoke extraction or air treatment systems in the Horeca sector</td>
<td>14.5%</td>
<td>14.5%</td>
<td></td>
</tr>
<tr>
<td>Security investments</td>
<td>21.5%</td>
<td>21.5%/0% (**)</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></td>
</tr>
<tr>
<td>Spread deduction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>“Green” R&amp;D investments (*)</td>
<td>21.5%</td>
<td>21.5%</td>
<td></td>
</tr>
<tr>
<td>Other investments</td>
<td>11.5%</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>

(*) Unless the company has chosen to benefit the tax credit for R&D. The taxpayer's choice is irrevocable.

(**) Investment made until 31 December 2012 for recharging stations for electric vehicles.

(**) Are only entitled to the 21.5% deduction rate: SMEs of which the voting rights are held for more than 50% by natural persons or SMEs to which the definition of “small companies” in the Corporation Code applies.

#### 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 (118).

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 over 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 3.2.

Limitation of carry-over of investment deduction per taxable period

<table>
<thead>
<tr>
<th>Total deduction amount</th>
<th>Deductibility limitation</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 933,350 euro</td>
<td>none</td>
</tr>
<tr>
<td>between 933,350 euro and 3,733,390 euro</td>
<td>933,350 euro maximum</td>
</tr>
<tr>
<td>3,733,390 euro and more</td>
<td>25% of carry-over</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 466,670 euro and 1,866,700 euro.

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117 General Tax Administration, Advice regarding the investment deduction, published in the BOJ of 7 March 2013.

118 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.
3.4. Employment incentives

3.4.1. Exports and total quality management

An exemption (deduction from taxable profit) of 15,050 euro is awarded for each additional staff member employed in Belgium and directly assigned fulltime to the management of the export department (119) 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 5,600 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.

Are not taken into account for the exemption:
- workers taken into consideration for the exemption for additional personnel, mentioned above sub 3.4.1. (see page 120);
- 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 5,600 euro per released member of the personnel.

The exemption for low-income additional staff members is also a permanent measure.
Part I: Direct taxation

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 20% of remunerations paid to workers in respect of whom employers benefit the training period bonus (120).

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 86).

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.

Agricultural support measures remain applicable to the year 2013. They apply to premiums and capital and interest subsidies paid between 2008 and 2014 to farms liable to PIT and 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.

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120 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.


**3.5.2. Doubling of straight-line depreciation**

The doubling of straight-line depreciation (121) 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 (122) 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 over. This carry-over 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 over, 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.

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.

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Part I: Direct taxation

The exemption of the monetary adjustment portion is maintained (123).

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 (124). On the other hand, the condition relating to the participation threshold is without effect on the exemption of capital gains.

MINIMUM HOLDING REQUIREMENT

Since tax year 2013, an extra requirement must be fulfilled: the shares must be held in full ownership for an uninterrupted period of at least one year. The new system also applies, provided certain conditions are met, to capital gains realised as from 28 November 2011.

Capital gains on shares fulfilling the upstream taxation requirement but not the minimum holding requirement are now taxable at 25.75% (i.e. 25% increased by 3% crisis surcharge). The normal rate (33.99%) remains 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.

SEPARATE TAX

As from tax year 2014, 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.

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123 The exemption of the monetary adjustment portion only concerns capital gains realised on assets acquired or constituted not later than 1949.

124 See above, page 93.
**Part I: Direct taxation**

**Provisions common to personal income tax and corporate income tax**

**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-over 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 (125).

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:

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125 The system described hereafter applies where the discontinuation of a professional activity occurred after 06.04.1992.
Part I: Direct taxation

Provisions common to personal income tax and corporate income tax

- 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 7,900 euro per newly created or maintained accommodation.
CHAPTER FOUR
LEGAL ENTITIES INCOME TAX (LEIT)

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);
- inter-municipal associations as well as 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 Intercommunaal Vervoer te Brussel" (Brussels public transport company) (126), etc.;
- companies and associations, particularly non profit-making companies which are not involved in profit-making concerns or operations.

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.

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.

126 Respectively SRWT, De Lijn and STIB/MIVB.
Part I: Direct taxation

Legal entities income tax

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 (127). 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 300% on secret commissions). 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% 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 are taxable on dividends attributed to all other legal entities except inter-municipal associations and 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.

127 See page 32.

128 The Tax Survey should not be considered as an administrative circular, no rights can be founded on it. October 2014 issue.
CHAPTER FIVE
WITHHOLDING TAX ON REAL ESTATE

What is new?

- Annual indexation of cadastral income.
- Entry into force of the “Vlaamse Codex Fiscaliteit” (Flemish Tax Code) which notably includes the provisions relating to the withholding tax on real estate in the Flemish Region.
- As far as the Flemish Region is concerned: reduced withholding tax on real estate for social dwellings of associations having as members public social assistance centres.

5.1. Tax base, rates and surcharges

The rate of the withholding tax on real estate income is based on the indexed cadastral income. For income earned in 2014, the index coefficient has been set at 1.70.

The rate of the withholding tax on real estate income includes the basic rate and the provincial and municipal surcharges.

The Regions are competent to determine the basic rate and the exemptions with respect to withholding tax on real estate. The applicable rates are the following:
Part I : Direct taxation

Withholding tax on real estate

Table 5.1.  
Rates of withholding tax on real estate

<table>
<thead>
<tr>
<th></th>
<th>Flemish Region</th>
<th>Walloon Region</th>
<th>Brussels-Capital Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic rate</td>
<td>2.5</td>
<td>1.25</td>
<td>1.25</td>
</tr>
<tr>
<td>Social dwelling</td>
<td>1.6 (a)</td>
<td>0.8 (c)</td>
<td>0.8 (f)</td>
</tr>
<tr>
<td>Material and equipment</td>
<td>1.78 (b)</td>
<td>1.25 (d)</td>
<td>1.02 (g)</td>
</tr>
<tr>
<td>Passive houses</td>
<td>reduced rates (e)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In the Flemish Region:

(a) The reduced rate of 1.6% 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 2.5% 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 1.78 for income earned in 2014. The application of this coefficient cannot give rise to a higher rate than the rate applicable the previous tax year.

In the Walloon Region:

(c) 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).

(d) The 1.25% rate applies to the cadastral income indexed until 2002. The indexation has been frozen since 1 January 2003.

(e) 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.

In the Brussels-Capital Region:

(f) This rate also applies to the building (or part of the building) put on lease by social real estate agencies located in the Brussels-Capital Region.

(g) The 1.25% rate is multiplied by a coefficient obtained by dividing the average of the price indices of 2004 by the average of the price indices of the year preceding the tax year, which results in a rate of 1.02 for income earned in 2014. This amounts to freezing indexation as from 1 January 2005.

All these rates are to be increased by the provincial and municipal surcharges. 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 thus amounting to 38.75%.
5.2. Reductions, rebates and exemptions for built real property

5.2.1. Common provisions

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.

5.2.2. Flemish Region

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%.

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>7.59</td>
</tr>
<tr>
<td>3</td>
<td>12.02</td>
</tr>
<tr>
<td>4</td>
<td>16.83</td>
</tr>
<tr>
<td>5</td>
<td>22.07</td>
</tr>
<tr>
<td>6</td>
<td>27.68</td>
</tr>
<tr>
<td>7</td>
<td>33.71</td>
</tr>
<tr>
<td>8</td>
<td>40.17</td>
</tr>
<tr>
<td>9</td>
<td>47.01</td>
</tr>
<tr>
<td>10</td>
<td>54.29</td>
</tr>
</tbody>
</table>

*Official notice published in the BOJ of 13 February 2014, p.12612*
Part I: Direct taxation

Withholding tax on real estate

These rebates apply to 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: 3,000
Dependent children: 2

Computation withholding tax on real estate due to Region: \( (1,500 \times 0.025) - 7.59 = 29.91 \)
Computation withholding tax due to local authorities: \( 29.91 \times 30 = 897.30 \)
Total withholding tax: \( 927.21 \)

Disability and infirmity

War invalids are granted a 20% rebate.

The rebate for disabled people (128) (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).

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 of 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 “low” energy consumption, i.e. buildings with an energy level (E-level) not exceeding a certain upper limit.

The regulation has been changed for buildings for which the application for a “planning permission” has been introduced after 31 December 2012.

The E-level is the level of primary energy consumption, as calculated in pursuance of the Flemish Energy Decree of 8 May 2009.

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128 People suffering from a handicap of at least 66% due to one or several complaints.
132 The Tax Survey should not be considered as an administrative circular, no rights can be founded on it.
October 2014 issue.
Application for a planning permission introduced before 1 January 2013

The reduction in the withholding tax on real estate applies to the following three building categories:

- a dwelling house with an energy level (E-level) of maximum E60 on 1 January of the tax year;
- a building other than a dwelling house (e.g. an office) with an E-level of maximum E70 on 1 January of the tax year;
- a building (dwelling house or other) with an E-level of maximum E40 on 1 January of the tax year.

The reduction amounts to 20% of the withholding tax for the first two categories and to 40% for the third category. It is granted for a period of ten years and can be combined with the rebates for dependents, for a modest dwelling house and for disability and infirmity (129).

Application for a planning permission introduced as from 1 January 2013

The reduction now only applies for five years and the requirements as regards the authorized E-level are stricter than previously. On the contrary, the reductions in the withholding tax on real estate granted are higher.

According to this new regulation, 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 E40 on 1 January of the tax year (130);
- 100% during five years for built real estate with an energy level of maximum E30 on 1 January of the tax year.

If the building is transferred, the reduction relating to the part of the five years or ten years (as the case may be – new or old regulation) period which has not yet expired, is transferred to the new purchaser.

EXEMPTIONS

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.

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129 For further information about the reduction of withholding tax on real estate: www.onroerendevoorheffing.be (only available in Dutch).

130 The maximum energy level was E50 with respect to applications for a planning permission introduced from 1 January 2013 to 31 December 2013. With respect to applications introduced as from 1 January 2014, the maximum energy level is E40.
Another exemption, applicable since 2011, 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”).

5.2.3. 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.

REDUCTION FOR A MODEST DWELLING

A reduction is granted for the dwelling which is the taxpayer’s sole 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 sole 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 cohabitant. The rebate amounts to 125 euro per dependent person. It is doubled (250 euro) for each disabled dependent person or for the disabled spouse.

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
Part I: Direct taxation

Withholding tax on real estate

**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.

**EXEMPTIONS**

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;
Part I: Direct taxation

Withholding tax on real estate

- or a cluster company;
- or a spin-off company.

5.2.4. Brussels-Capital Region

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 global real estate located in Belgium does 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.

Rebate for Dependents

A 10% rebate is granted for each dependent child, provided the head of the family who claims the rebate has at least two children alive on 1 January of the year.

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: \(30 \times 18.75 = 562.50\) 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 are granted a 20% rebate and disabled people a 10% rebate for the dwelling they occupy as owners or tenants. 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 90 days in the year. In the Brussels-Capital Region, this reduction is only granted under specific conditions (131).

Exemptions

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.

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131 The conditions were set in the ordinance of 13.04.1995 amending the ordinance of 23.07.1992 concerning withholding taxes on real estate (BOJ of 13.06.1995). In its judgment of 19.12.2002 the Constitutional Court considers this ordinance to be in conflict with the articles 11 and 12 of the Constitution.

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

October 2014 issue.
5.3. Crediting of withholding tax on real estate

The withholding tax is henceforth only creditable against PIT in respect of the taxpayer’s private dwelling and only where the cadastral income relating to this dwelling is included in the tax base (see p. 24). The creditable amount is strictly limited to 12.5% of the part of the cadastral income included in the taxpayer’s tax base.

5.4. Withholding tax on real estate for investments in material and equipment

5.4.1. Definition

“Material and equipment” means devices, engines and other facilities useful for commercial, industrial or craft enterprises, except from premises, shelters and their necessary accessories (cf. article 471, §3, Income Tax Code 1992).

Where material and equipment are housed in built or unbuilt real property, the Cadastral administration fixes a separate cadastral income for those elements.

5.4.2. Flemish Region

A total exemption is granted for every investment in new material and 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.

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.
5.4.3. **Walloon Region**

The CI of material and equipment is exempted from withholding tax on real estate where the CI of the assets existing on 31 December 2004 is lower than 795 euro per cadastral parcel.

The CI 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 CI of material and equipment of that parcel exceeding, after 1 January 2005, the CI 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.

5.4.4. **Brussels-Capital Region**

Since 1 January 2006, a tax credit has been granted by the Brussels-Capital Region to natural persons or legal entities liable to withholding tax on material and equipment. This tax credit is totally chargeable to the Brussels-Capital Region.

This tax incentive for businesses is granted as a tax credit, so as to allow local entities and the “agglomération bruxelloise/Brusselse agglomeratie” (urban area of Brussels) to keep on collecting additional surtaxes on the withholding tax on real estate.
CHAPTER SIX
WITHHOLDING TAX ON INCOME FROM MOVABLE PROPERTY

What is new?
The legislation described in this chapter includes changes decided in the year 2013 and likely to concern income allocated or made payable in 2014:

- Reduced withholding tax (15% or 20%) on dividends allocated by small companies to new registered share issues for new cash contributions made as from 1 July 2013 (provided certain conditions are met).
- Reduced withholding tax (15%) on income from savings certificates or from term deposits in the framework of thematic citizens lending.
- Increase from 10% to 25% of the withholding tax on liquidation surpluses, with the implementation of a transitional system.
- Extension of the exemption applied to the first bracket of interest from savings deposits to savings deposits received by credit institutions established in another Member State of the EEA.

EXTENSION OF THE 25% RATE OF THE WITHHOLDING TAX TO THE MOST MOVABLE INCOME AND MISCELLANEOUS MOVABLE INCOME
The rate of the withholding tax on income from movable property amounts henceforth as a standard to 25%, with the exception of six income categories (see hereafter: it concerns liquidation surpluses (transitional system applicable until 1 October 2014), dividends from residential real estate investment companies (SICAFI/vastgoedbevaks), income from ordinary savings deposits, interest from the so-called “Leterme government bonds”, interest from thematic citizens lending and a portion of income from copyright) (132).

6.1. Dividends

INTEREST ON ADVANCES ASSIMILATED TO 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 assimilated to 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 assimilated to dividends is liable to the withholding tax at the 25% standard rate.

132 With the exception of compensations for missing coupons which are taxable at 15% or 25% according to the rate of the withholding tax applicable to the income to which these compensations relate.
Part I: Direct taxation

Withholding tax on income from movable property

Interest is not assimilated to 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 25% 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 chargeable as a dividend distributed under CIT provisions.

Liquidation surpluses

A 10% 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 chargeable as a dividend distributed under CIT provisions.

As from 1 October 2014, the withholding tax on liquidation surpluses has been increased to 25%.

According to a transitional system, the reduced rate of 10% applies to dividends corresponding to the decrease in taxed reserves of which the amount has been immediately injected in the capital of the company and maintained for a specific period. This period is equal to 4 years for SMEs and 8 years for other companies (133).

Taxed reserves, as approved by the General Meeting on 31 March 2013 at the latest, can be distributed at a 10% tax rate, provided that and insofar as the amount received has been immediately injected in the capital and the capital injection has occurred during the last accounting year ended before 1 October 2014.

Residential real estate investment companies (SICAFI/vastgoedbevaks) (15%)

Since 1 January 2013, dividends from Belgian or foreign residential real estate investment companies (SICAFI/vastgoedbevaks) are liable to a 15% withholding tax. The 80% lower limit for the residential investment has been decreased to 60% for income allocated or made payable in 2013 and 2014 by some residential real estate investment companies.

Dividends from some shares of SMEs

A reduced withholding tax applies to dividends allocated by SMEs (as defined in article 15 of the Corporation Code) to new registered shares issued upon new cash contributions carried out as from 1 July 2013.

133 In the framework of this transitional system as regards liquidation surpluses, a separate contribution of 15% has been introduced in the corporate income tax for tax years 2013 and 2014. This contribution aims at sanctioning companies which would change their dividend distribution policy to avoid the payment of a 25% withholding tax (on distributed ordinary dividends) and replace it by a 10% withholding tax (on dividends injected in the share capital). See Chapter 2 (CIT), p. 106.
Part I: Direct taxation

Withholding tax on income from movable property

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;
- 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 of the Corporation Code (134);
- the new shares must be registered and paid up in full;
- the new shares must be held by the shareholders in full ownership and for an uninterrupted period as from the capital injection;
- those cash contributions cannot come from the distribution of taxed reserves which is liable to the 10% withholding tax applicable to liquidation surpluses under the transitional system.

"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 (135). 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.

The system of exemption from withholding tax on participation dividends also applies to dividend payments to a contracting State (non-Member of the European Union).

6.2. Interest

The rate of withholding tax on income from movable property amounts generally to 25%.

There are exceptions to this rule relating to the nature of the financial asset or to the status of the investor. The main exceptions are mentioned hereafter. Moreover, a special tax system is provided for dematerialised securities.

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134 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.

135 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.
SAVINGS DEPOSITS (15%)

The first 1,900 euro bracket (2014 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.

As from 1 January 2012, 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 Belgian regulated savings deposits.

The taxable interest amount is liable to a 15% withholding tax.

<table>
<thead>
<tr>
<th>Exemption conditions for ordinary savings deposits</th>
</tr>
</thead>
<tbody>
<tr>
<td>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. These conditions have been last amended by the Royal Decree of 21 September 2013, notably as regards loyalty bonus.</td>
</tr>
<tr>
<td><strong>- Conditions for the withdrawal from savings books</strong></td>
</tr>
<tr>
<td>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.</td>
</tr>
<tr>
<td><strong>- Income components</strong></td>
</tr>
<tr>
<td>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.</td>
</tr>
<tr>
<td><strong>- Level of income from savings deposits</strong></td>
</tr>
<tr>
<td>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 2013 for the first six-month period of 2014 and on 10 June 2014 for the second six-month period of 2014). 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.</td>
</tr>
</tbody>
</table>
Part I: Direct taxation

Withholding tax on income from movable property

- 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.

INTEREST FROM GOVERNMENT BONDS SUBSCRIBED TO BETWEEN 24 NOVEMBER 2011 AND 2 DECEMBER 2011, AND ISSUED ON 4 DECEMBER 2011 (15%)

A 15% withholding tax is levied on interest from these government bonds.

THEMATIC CITIZENS LENDING

Income from savings certificates and from term deposits to finance thematic citizens lending, is liable to the 15% withholding tax. The funds collected via the citizens lending must be used to finance clearly defined socio-economic projects.

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, the collection of withholding tax on income from movable property shall on no account be waived. 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

Income from capitalisation SICAVs/BEVEKS of which the portfolio consists of more than 25% of interest-bearing debt securities (e.g.: bonds) is subject to a 25% withholding tax on income from movable property. This withholding tax is levied on interest from the “bond component” of capitalisation SICAVs/BEVEKS and on capital gains from the bond portfolio, after deduction of capital losses.

Only SICAVs/BEVEKS having a European passport and being established outside the EEA were previously concerned. However, since 1 July 2013, the application scope has been extended to SICAVs/BEVEKS without European passport established in the EEA.

The Tax Survey should not be considered as an administrative circular, no rights can be founded on it. October 2014 issue.
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.

SAVINGS DIRECTIVE

The aim of the Directive on taxation of savings income in the form of interest payments is to bring about effective taxation of interest payments made to individuals within the European Union from cross-border savings investments.

Insurance products do not currently come under the Directive.

This Directive provides for an automatic exchange of information in respect of interest payments made by “paying agents” established within a Member State to natural persons residing in another Member State. Income from interest received by a natural person in another Member State that is not his residence for tax purposes has to be communicated by this other Member State to the tax authorities of the beneficiary’s country of residence.

The interest payments referred to in the Directive are interest payments related to debt claims of every kind, obtained either directly or indirectly via undertakings for collective investment: accounts and deposits, fixed rate securities, income distributed by some collective investment institutions (CIIs) with a European passport and capital gains on parts in certain CIIs.

Some countries have the possibility to levy a “State of residence tax”. According to the principle of the “State of residence tax”, a tax is withheld at source by those countries instead of communicating to the beneficiary’s State of residence the information in their possession (136). Luxembourg, Austria, Switzerland and some associated territories apply this system.

136 The withholding tax has been levied at a 35% rate since 01.07.2011.
For Belgian residents who received interest in a country withholding a tax at source, the “State of residence tax” is not a final tax. The natural person benefiting the income has to report the income in his/her annual personal income tax return in his/her country of residence, like any foreign movable income collected abroad. Double taxation of income is however avoided thanks to a compensation system. If the interest received has been subject to withholding tax, the beneficiary is entitled to a credit and, as appropriate, a refund equal to the amount of the tax withheld. As a result, the tax withheld at source has a neutral impact with regard to the automatic exchange of information.

**Exemptions in respect of the investors’ status**

There are five distinct categories of investors:

- **“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.
Part I: Direct taxation

Withholding tax on income from movable property

The table hereafter summarises the main exemptions (E), which are generally conditional, according to the investor’s status and the kind of income.

Table 6.1.
Withholding tax: exemptions according to the investor’s status

<table>
<thead>
<tr>
<th></th>
<th>FI</th>
<th>SPSSI</th>
<th>PI</th>
<th>PS</th>
<th>NRS</th>
</tr>
</thead>
<tbody>
<tr>
<td>public funds, bonds, savings</td>
<td></td>
<td>E</td>
<td>E</td>
<td></td>
<td>E</td>
</tr>
<tr>
<td>certificates and similar securities</td>
<td></td>
<td>E</td>
<td>E</td>
<td></td>
<td>E</td>
</tr>
<tr>
<td>income from debt-claims and loans</td>
<td></td>
<td>E</td>
<td>E</td>
<td></td>
<td>E</td>
</tr>
<tr>
<td>mortgage loans</td>
<td></td>
<td>E</td>
<td>E</td>
<td></td>
<td>E</td>
</tr>
<tr>
<td>other loans</td>
<td></td>
<td>E</td>
<td>E</td>
<td></td>
<td>E</td>
</tr>
<tr>
<td>ordinary savings deposits</td>
<td></td>
<td>E</td>
<td>E</td>
<td>(*)</td>
<td>E</td>
</tr>
<tr>
<td>other deposits</td>
<td></td>
<td>E</td>
<td>E</td>
<td>(*)</td>
<td>E</td>
</tr>
</tbody>
</table>

(*) Only for the first 1,900 euro bracket of interest (see supra), for income earned in 2014.

6.3. Other movable income

COPYRIGHT AND RELATED RIGHTS

The system as regards copyright and related rights is described in Chapter 1, on page 28.

A 15% withholding tax on income from movable property applies to the first 57,080 euro bracket (amount for the year 2014) of gross income from copyright. Gross income exceeding 57,080 euro is liable to the withholding tax at the 25% standard rate.

All income from copyright must be mentioned in the personal income tax return.
CHAPTER SEVEN
WITHHOLDING TAX ON EARNED INCOME AND ADVANCE PAYMENTS (AP)

What is new?

- Annual indexation.
- Casual labour in the Horeca sector.
- Increase from 1% to 1.12% in the structural reduction for SMEs.
- With respect to the exemption from withholding tax on earned income for research workers: stricter conditions for being entitled to the exemption and definition of scientific research concerned by this exemption.
- Increase from 130 hours to 180 hours as regards the exemption from payment for overtime pay in the Horeca sector (1 January 2014) and in the building sector (1 April 2014).
- As far as team work or night shifts are concerned: an additional exemption from withholding tax on earned income is granted in favour of continuous work.

This chapter relates to withholding tax on earned income and to advance payments of the year 2014.

7.1. Computation of the withholding tax on earned income

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:
- 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.

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.

137 The ways of implementation applicable to the withholding tax on earned income allocated or made payable as from 1 January 2014 are published in the BOJ of 18 December 2013.
138 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

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>
<th>% above lower limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 5,710.00</td>
<td>0</td>
<td>28.7%</td>
</tr>
<tr>
<td>5,710.00 - 11,340.00</td>
<td>1,638.77</td>
<td>10%</td>
</tr>
<tr>
<td>11,340.00 - 18,880.00</td>
<td>2,201.77</td>
<td>5%</td>
</tr>
<tr>
<td>18,880.00 - 64,587.67</td>
<td>2,578.77</td>
<td>3%</td>
</tr>
<tr>
<td>64,587.67 and more</td>
<td>3,950.00</td>
<td>0%</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 129 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>&quot;base tax&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>on lower limit</td>
</tr>
<tr>
<td>0 - 8,690</td>
<td>0.00</td>
</tr>
<tr>
<td>8,690 - 11,800</td>
<td>2,324.58</td>
</tr>
<tr>
<td>11,800 - 17,100</td>
<td>3,322.89</td>
</tr>
<tr>
<td>17,100 - 37,760</td>
<td>5,591.29</td>
</tr>
<tr>
<td>37,760 and more</td>
<td>15,539.08</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 2014, the beneficiary’s spouse has an own earned income consisting exclusively of pensions, annuities or assimilated benefits not exceeding a monthly net amount of 129 euro. “Net” amount means the amount after deduction of social security contributions and after deduction of 20% of the remainder.
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 10,200 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 1,607.68 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 3,215.36 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>
<thead>
<tr>
<th>Table 7.3. Reductions of withholding tax for dependent children and specific family situations (139)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of dependent children and specific family situations</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td>4</td>
</tr>
<tr>
<td>5</td>
</tr>
<tr>
<td>6</td>
</tr>
<tr>
<td>7</td>
</tr>
<tr>
<td>8</td>
</tr>
<tr>
<td>for each child beyond the eighth</td>
</tr>
</tbody>
</table>

single person (except where the taxable income consists of pensions or of unemployment with company allowance)

| 408 |

widow(er) not married again, with dependent children

| 408 |

single parent family

| 408 |

disabled taxpayer (140)

| 408 |

for ascendants and collaterals up to the second degree and aged 65 at least: for each dependent person

| 828 |

for all other dependent persons

| 408 |

---

139 Disabled children and other disabled dependent persons count for two.
140 This reduction applies to each of the spouses.
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Withholding tax on earned income and advance payments

A tax credit of 1,284 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 214 euro per month.

A tax credit of 2,568 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 428 euro per month.

The ceilings of 214 euro and 428 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 in the Horeca sector, provided those employers use a cash register system in each operating place and provided registration of this cash register system with the tax administration (141).

The upper limit of 130 hours of overtime has also been increased to 180 hours for workers employed by employers carrying out construction works, provided the employers use an electronic attendance registration system (142).

- A tax credit of 74.88 euro is granted to employees whose taxable monthly remuneration does not exceed 2,257.74 euro.

- A tax credit is granted to low-income workers entitled to the employment bonus (143). It is equal to 14.40% of the amount of the employment bonus actually granted (144).

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.

---

141 Applicable to income paid or allocated as from 1 January 2014.
142 Applicable to income paid or allocated as from 1 April 2014.
143 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.
144 Rate applicable as from 1 April 2014 (previously 8.95%).

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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 - 7,335.00</td>
<td>0.00</td>
</tr>
<tr>
<td>7,335.01 - 9,045.00</td>
<td>19.17</td>
</tr>
<tr>
<td>9,045.01 - 11,190.00</td>
<td>21.20</td>
</tr>
<tr>
<td>11,190.01 - 13,220.00</td>
<td>26.25</td>
</tr>
<tr>
<td>13,220.01 - 15,355.00</td>
<td>31.30</td>
</tr>
<tr>
<td>15,355.01 - 17,500.00</td>
<td>34.33</td>
</tr>
<tr>
<td>17,500.01 - 21,715.00</td>
<td>36.34</td>
</tr>
<tr>
<td>21,715.01 - 23,860.00</td>
<td>39.37</td>
</tr>
<tr>
<td>23,860.01 - 32,415.00</td>
<td>42.39</td>
</tr>
<tr>
<td>32,415.01 - 43,120.00</td>
<td>47.44</td>
</tr>
<tr>
<td>43,120.01 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>9,531</td>
</tr>
<tr>
<td>2</td>
<td>12,121</td>
</tr>
<tr>
<td>3</td>
<td>17,174</td>
</tr>
<tr>
<td>4</td>
<td>22,725</td>
</tr>
<tr>
<td>5</td>
<td>28,240</td>
</tr>
<tr>
<td>6</td>
<td>33,756</td>
</tr>
<tr>
<td>7</td>
<td>39,271</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 22,725 euro - 13,000 euro = 9,725 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 in %</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>21,405</td>
</tr>
<tr>
<td>2</td>
<td>20</td>
<td>21,405</td>
</tr>
<tr>
<td>3</td>
<td>35</td>
<td>23,545</td>
</tr>
<tr>
<td>4</td>
<td>55</td>
<td>27,830</td>
</tr>
<tr>
<td>5</td>
<td>75</td>
<td>29,970</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>Rate of withholding tax in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.00 - 8,770.00</td>
<td>0.00</td>
</tr>
<tr>
<td>8,770.01 - 10,530.00</td>
<td>2.68</td>
</tr>
<tr>
<td>10,530.01 - 11,695.00</td>
<td>6.57</td>
</tr>
<tr>
<td>11,695.01 - 14,040.00</td>
<td>10.77</td>
</tr>
<tr>
<td>14,040.01 - 15,210.00</td>
<td>13.55</td>
</tr>
<tr>
<td>15,210.01 - 16,960.00</td>
<td>16.55</td>
</tr>
<tr>
<td>16,960.01 - 19,885.00</td>
<td>19.17</td>
</tr>
<tr>
<td>19,885.01 - 25,730.00</td>
<td>24.92</td>
</tr>
<tr>
<td>25,730.01 - 31,575.00</td>
<td>29.93</td>
</tr>
<tr>
<td>31,575.01 - 40,940.00</td>
<td>31.30</td>
</tr>
<tr>
<td>40,940.01 - 46,200.00</td>
<td>36.90</td>
</tr>
<tr>
<td>46,200.01 - 52,630.00</td>
<td>38.96</td>
</tr>
<tr>
<td>52,630.01 - 61,400.00</td>
<td>40.93</td>
</tr>
<tr>
<td>61,400.01 - 73,685.00</td>
<td>42.92</td>
</tr>
<tr>
<td>73,685.01 - 92,395.00</td>
<td>44.99</td>
</tr>
<tr>
<td>92,395.01 - 106,435.00</td>
<td>46.47</td>
</tr>
<tr>
<td>106,435.01 - 125,145.00</td>
<td>47.48</td>
</tr>
<tr>
<td>125,145.01 and more</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 on lower limit</th>
<th>% above the limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 1,105</td>
<td>325,00</td>
<td>23.0%</td>
</tr>
<tr>
<td>1,105 - 4,760</td>
<td>325,00</td>
<td>23.0%</td>
</tr>
<tr>
<td>4,760 - 7,005</td>
<td>1,165.65</td>
<td>14.5%</td>
</tr>
<tr>
<td>7,005 and more</td>
<td>1,491.18</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

- Deductible professional expenses are calculated at the single rate of 3% with a maximum of 2,370 euro.

- The tax credit for low- or middle-income company managers amounts to 74.88 euro per year and is granted where the taxable monthly remuneration does not exceed 2,096.75 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 8.95% of the employment bonus.
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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>
<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 fifty working days 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 2,700 euro a month.
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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;
- 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 an exemption of payment which has no impact on the amount withheld. The employer retains the exempted amount; as a result, the exemption works as a wage subsidy to the employer.

7.2.1. Structural reduction

The law of 17 May 2007 introduced an structural exemption of payment, calculated on the basis of the gross remunerations. This exemption applies to the profit sector, the non-profit sector and autonomous public undertakings (the SNCB/NMBS Group, bpost and Belgacom).

The rate of this exemption has been progressively increased and has amounted to 1% since 1 January 2010. This increase does 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.

For employers who are either considered as small companies, as defined in article 15 of the Corporation Code, or natural persons meeting mutatis mutandis the criteria set out in the same article 15, the rate has been increased to 1.12% as from 1 January 2014.

7.2.2. Research workers

A partial exemption of payment to the tax administration of withholding tax on earned income has been brought in with respect to remunerations paid to research workers. This exempted part that is deducted but not paid to the tax administration stays at the disposal of the employer.

The research workers are allowed to set off that part (not paid to the tax administration) against their income tax liability in their tax return.

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
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- 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;
- 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 (145). 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.

7.2.3. Team bonuses and night shift differentials

Where companies’ work schedules include team work or night shifts, these companies enjoy a partial exemption of payment to the tax administration of the withholding tax on earned income that is normally deducted on the concerned workers’ remunerations. However, the eligible companies shall withhold the entire normal amount of the withholding tax on earned income and on bonuses, and the workers are entitled to set off the same amount against their income tax liability in their tax return.

The part of the withholding tax on earned income not to be paid to the tax administration, has been set at 15.6% of the taxable remunerations, including team bonuses but excluding holiday allowances, end-of-year payments and salary arrears.

This exemption of payment has been extended to the following autonomous public undertakings: Belgacom, bpost and companies from the SNCB/NMBS Group.

As from 1 January 2014, the exemption has been increased by 2.2 points (i.e. 17.8%) 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.

145 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.

156 The Tax Survey should not be considered as an administrative circular, no rights can be founded on it. October 2014 issue.
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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 the following autonomous public undertakings: Belgacom, bpost and companies from the SNCB/NMBS Group.

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.

As from 1 January 2014, 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.

As far as the building sector is concerned, the number of hours of overtime has also been increased to 180 hours as from 1 April 2014. The condition is that employers carrying out construction works must use an electronic attendance registration system on temporary or mobile work sites.

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 9,208 euro (146).

Remunerations earned by the sportsman as manager, do not entitle to the partial exemption of payment of withholding tax on earned income.

---

146 Amount applicable from 1 July 2013 to 30 June 2014 (Royal Decree of 21 May 2013).
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 2014, 10 July 2014, 10 October 2014 and 22 December 2014) (147). 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 (148).

For the income of the year 2014, the reference rate is 0.75%.

The taxation rates which apply in respect of tax increases and bonuses are thus the following:

Table 7.10.
Increases and bonuses in respect of advance payments of the year 2014

<table>
<thead>
<tr>
<th>Increase</th>
<th>Bonus</th>
</tr>
</thead>
<tbody>
<tr>
<td>AP1</td>
<td>2.25%</td>
</tr>
<tr>
<td>AP2</td>
<td>1.88%</td>
</tr>
<tr>
<td>AP3</td>
<td>1.50%</td>
</tr>
<tr>
<td>AP4</td>
<td>1.13%</td>
</tr>
</tbody>
</table>

147 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.

148 See page 76 and following.
PART II
INDIRECT TAXATION
### 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></td>
</tr>
<tr>
<td>the tax rate</td>
<td></td>
</tr>
<tr>
<td>Central authority</td>
<td></td>
</tr>
<tr>
<td>the tax base</td>
<td></td>
</tr>
<tr>
<td>Central authority</td>
<td></td>
</tr>
<tr>
<td>reliefs</td>
<td></td>
</tr>
<tr>
<td>Central authority</td>
<td></td>
</tr>
<tr>
<td>Beneficiary</td>
<td></td>
</tr>
<tr>
<td>European Union</td>
<td></td>
</tr>
<tr>
<td>Central authority</td>
<td></td>
</tr>
<tr>
<td>Communities</td>
<td></td>
</tr>
<tr>
<td>Social security</td>
<td></td>
</tr>
<tr>
<td>Others (*)</td>
<td></td>
</tr>
<tr>
<td>Securitisation since 2006</td>
<td></td>
</tr>
<tr>
<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>
<td></td>
</tr>
<tr>
<td>Tax collector</td>
<td>Federal Public Service Finance</td>
</tr>
<tr>
<td>Tax revenue</td>
<td></td>
</tr>
<tr>
<td>2013 tax revenue in millions of euro</td>
<td>Tax revenue as % of GDP</td>
</tr>
<tr>
<td>27,225.9</td>
<td>6.9%</td>
</tr>
</tbody>
</table>

(*) Total tax revenue (according to ESA2010 concept) paid to Belgian authorities. *Data regarding tax revenue are henceforth mentioned according to the ESA2010 concept. They cannot be compared to data mentioned in previous editions of the Tax Survey.*
The Tax Survey should not be considered as an administrative circular, no rights can be founded on it.

### Registration duties, mortgage duties and court fees

<table>
<thead>
<tr>
<th>Legal base</th>
<th>Code of Registration Duties, Mortgage Duties and Court Fees and the decrees issued for its implementation.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who sets</td>
<td></td>
</tr>
<tr>
<td></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>Central authority</td>
</tr>
<tr>
<td></td>
<td>Regional authority</td>
</tr>
<tr>
<td></td>
<td>Central authority</td>
</tr>
<tr>
<td></td>
<td>Regional authority</td>
</tr>
<tr>
<td></td>
<td>Central authority</td>
</tr>
<tr>
<td></td>
<td>Regional authority</td>
</tr>
<tr>
<td>Beneficiary</td>
<td>Central and regional authorities. Since 2004: part of the &quot;other revenues&quot; (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.</td>
</tr>
<tr>
<td>Tax revenue</td>
<td>2013 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>Registration duties</td>
<td>4,004.6</td>
</tr>
<tr>
<td>Mortgage duties</td>
<td>72.1</td>
</tr>
<tr>
<td>Court fees</td>
<td>37.2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>4,113.9</td>
</tr>
</tbody>
</table>
The Tax Survey should not be considered as an administrative circular, no rights can be founded on it.

October 2014 issue.

<table>
<thead>
<tr>
<th>Estate duties</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Legal base</strong></td>
</tr>
<tr>
<td><strong>Who sets</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Beneficiary</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Tax collector</strong></td>
</tr>
<tr>
<td><strong>Tax revenue</strong></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
The Tax Survey should not be considered as an administrative circular, no rights can be founded on it.

October 2014 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><strong>the tax rate</strong></td>
</tr>
<tr>
<td></td>
<td>Central authority</td>
</tr>
<tr>
<td>Beneficiary</td>
<td>Central authority</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><strong>2013 tax revenue in millions of euro</strong></td>
</tr>
<tr>
<td></td>
<td>1,831.4</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 Community Customs Code and on 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>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>2013 tax revenue in millions of euro</td>
</tr>
<tr>
<td></td>
<td>1,230.0</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>Central authority</td>
<td>Central authority</td>
<td>Central authority</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Beneficiary</th>
<th>Central 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, Customs and Excise Administration.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Tax revenue</th>
<th>2013 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>7,212.4</td>
<td>1.8%</td>
<td>5.9%</td>
</tr>
</tbody>
</table>
The Tax Survey should not be considered as an administrative circular, no rights can be founded on it.

October 2014 issue.

The packaging charge and the environmental charge

| Legal base                                                                 | The packaging charge and the environmental charge are 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 implementations of the laws. |

<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>Central authority</td>
<td>Central authority</td>
<td>Central authority</td>
<td></td>
</tr>
</tbody>
</table>

| Beneficiary | Central authority, but part of the packaging charge to Social Security since 2005. |

| Tax collector | Federal Public Service Finance |

<table>
<thead>
<tr>
<th>Tax revenue</th>
<th>2013 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>346.3</td>
<td>0.1%</td>
<td>0.3%</td>
</tr>
</tbody>
</table>
The Tax Survey should not be considered as an administrative circular, no rights can be founded on it.

October 2014 issue.

Taxes assimilated to income taxes

| Legal base | 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. |
| Who sets | the tax rate | the tax base | reliefs |
| 1. Circulation tax | Regional authority | Regional authority | Regional authority |
| 2. Tax on the entry into service | Regional authority | Regional authority | Regional authority |
| 3. Eurovignette | Regional authority | Regional authority | Regional authority |
| 4. Betting and gambling tax | Regional authority | Regional authority | Regional authority |
| 5. Gaming machine licence duty | Regional authority | Regional authority | Regional authority |
| 6. Tax on the participation of employees in the benefit or the capital of the company | Regional authority | Regional authority | Regional authority |

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.
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| 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 | Since 2002, regional authorities benefit from all tax revenue. |
| 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 | Central authority and social security  
Since 2004, about half of the revenue collected is transferred to the National Office of Social Security. |
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### Tax collector

| Tax collector | 1. Circulation tax  
|               | 2. Tax on the entry into service  
|               | 3. Eurovignette  
|               | Until 2010: Federal Public Service Finance  
|               | As from 2011: Federal Public Service Finance (for the Walloon Region and the Brussels-Capital Region) and the Flemish Region  
|               | 4. Betting and gambling tax  
|               | 5. Gaming machine licence duty  
|               | Until 2009, Federal Public Service Finance  
|               | Since 2010: Federal Public Service Finance (for the Flemish Region and the Brussels-Capital Region) and the Walloon Region  
|               | 6. Tax on the participation of employees in the benefit or the capital of the company  
|               | Federal Public Service Finance  

<table>
<thead>
<tr>
<th>Tax revenue</th>
<th>2013 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>2,357.6</td>
<td>0.6%</td>
<td>1.9 %</td>
</tr>
</tbody>
</table>

October 2014 issue.
CHAPTER ONE
VALUE ADDED TAX (VAT)

What is new?

- Change in the conditions entitling to the VAT exemption for educational services and the supply of goods and services closely related to them.
- Abolishment of the VAT exemption for services provided by lawyers.
- Increase in the maximum turnover of taxpayers submitting quarterly returns.
- As from 1 April 2014: VAT rate of 6% on the supply of electricity to household customers.
- As from 1 April 2014: increase from 5,580 euro to 15,000 euro of the threshold relating to the exemption system for certain small entreprises.
- As from 1 May 2014: exemption for services of travel agents with respect to extra-Community travels.

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 in successive stages, namely at each transaction in the process of production and distribution. In view of the fact that at each stage of this process the tax paid on the inputs can be deducted, only the added value is taxed at that stage. VAT is therefore a non-cascading tax on consumption, which is 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).

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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 on (Art. 4).

Public authorities and public bodies are not considered as taxable persons for the activities or operations they carry on as public authorities (for these activities or operations, they are considered as non-taxable legal persons, see below). They are, however, liable to tax for these activities or operations where treatment as non-taxable persons would lead to distortions of competition of a certain extent (Art. 6).

As far as some activities or operations 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.

Special categories also include:

- exempted taxable persons: physical or legal persons who carry on activities which are exempted from the tax pursuant to Article 44 of the VAT Code (see point 1.4.2.) (for example, teaching establishments, hospitals, certain cultural institutions, etc.);
- non-taxable legal persons: public authorities defined as non-taxable persons (see above: State, municipalities, public institutions, etc.) and certain holding companies.
Part II: Indirect taxation

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/s);

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

1. 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);

2. 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 due (“taxable event”) (Art. 16) at the time of delivery of the goods. In certain cases, however, another arrangement may apply (deferred payment until the 15th day of the following month if no invoice has been issued by that time [for intra-Community transactions], chargeability arising upon all of part of cashing, 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

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;

- services related to radio-distribution, cable TV, telecommunications;

- the granting of the right of access to traffic routes and to the corresponding civil engineering works;

- electronic supplies of services.
Part II: Indirect taxation

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 (save a few exceptions) as also for his private needs or those of his personnel, and, more generally, free of charge or 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, aircrafts 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, aircrafts or trains during the section of the transport within the European
Union);

the place where the customer is established, e.g.:

- for electronically services supplied to a customer established in Belgium by a
  taxable person established outside the European Union;
- 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;
  - telecommunications, radio and television broadcasting services;
  - electronically supplied services, etc.
- in Belgium for some telecommunication, radio and television broadcasting services
  supplied by a taxable person established outside the European Union to a
  customer established in Belgium, 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 is then
also due. In certain cases (e.g. all or part of cashing (Art. 22bis), or continuing supplies of
services), another arrangement may apply.

**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.

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°).

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;
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- 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;
- 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 sea-going ships and vessels, 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;
- 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;
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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).

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)
- 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)
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- 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, 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) (Section XXXIV)
- services supplied by institutions for social promotion (Section XXXV)
- housing in the framework of 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 (Section XXXVIII)
- small repair services (repair of bicycles, shoes and leather goods, repair and alteration of clothing and household linen) (Section XXXIX)

Temporarily as from 1 April 2014 (Art. 1bis Royal Decree 20)

The 6% rate applies temporarily to the supply of electricity to household customers.

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)
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- tyres and tubes for wheels of agricultural machines and tractors, with the exception of tyres and tubes for wheels of forestry tractors and pedes trian-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)

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).
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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 over 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 accounting, the issuing of invoices, the filing of client lists, the submission of VAT returns and the payment of VAT. For certain companies, 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 taxable persons (except to those who are not entitled to deduction, to small enterprises and to those who, regardless of the performance of an economic activity, transfer buildings under certain conditions or who occasionally deliver a new means of transport). Non-taxable legal persons, small enterprises and taxable persons not entitled to deduction are also assigned 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. In some cases, even taxable persons not established in Belgium will be assigned a Belgian VAT identification number (Art. 50).

In addition to the application for identification and the notifications of modification or cessation of an activity, most taxable persons must, in principle, file a VAT return showing the VAT to be paid and deducted and pay the amount due every month. The return and the payment must be submitted by the 20th of the following month at the latest. On December 24th at the latest, a deposit must be paid in respect of the VAT which will be payable for that month (Art. 53).

They must also file, each year, a list of the Belgian taxable persons to whom they made supplies (Art. 53quinquies). In respect of intra-Community supplies and the services for which the VAT must be paid by the customer, an intra-Community list must be monthly submitted (Art. 53sexies). Under certain conditions, this intra-Community list can be drawn up per quarter (Art. 53octies).

Taxable persons whose turnover does not exceed 2,500,000 euro (excl. VAT) a year may, if they comply with certain rules, submit quarterly returns.
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This provision does not apply to taxpayers whose overall annual turnover exclusive 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.

Taxpayers submitting quarterly returns must pay, in the course of the 2\textsuperscript{nd} and 3\textsuperscript{rd} month of each calendar quarter, a deposit equal to one third of the tax due for the preceding quarter. They can nonetheless opt for monthly returns.

Taxable persons submitting a monthly or quarterly VAT return, must send the return and both above-mentioned lists online. However, they are exempted from this obligation as long as they have no computer at their disposal to fulfil this obligation.

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 15,000 euro (excl. VAT – Art. 56bis). They are not entitled, however, to deduct the VAT on their purchases. This exemption system does not apply to certain immovable transactions, 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).

1.9.2. The special system for certain farms

This special system is governed by Art. 57.

Farms are not liable to 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).
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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. Other special systems

The basis for these systems is given in Art. 58 and 58bis.

They govern the levy of VAT on manufactured tobacco (together with the excise duty - Art. 58, §1), on 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), on the importation of goods which are sent in small consignments or carried in the luggage of travellers (flat-rate calculation - Art. 58, §3), on second-hand goods, works of art, collectors' pieces and antiques (on certain conditions there is a levy of VAT on the difference between the selling price and the purchase price (the so-called tax levy on the margin); however, the normal system can be chosen - Art. 58, §4) and on certain electronic services (Art. 58bis).

In addition, certain enterprises in certain sectors can, on certain conditions, be exempted from the obligations concerning the levying of VAT: 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 notably the case for certain inland navigation firms, 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, notably for certain independent press correspondents.

1.9.4. The special VAT return

The 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, see above sub point 1.2.) for a number of transactions referred to above (notably the intra-Community acquisition of goods).

The persons concerned must, before they effect 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. As from 1 April 2013, this special return can also be filed electronically.
CHAPTER TWO
REGISTRATION DUTIES, MORTGAGE DUTIES AND COURT FEES

What is new?

- Change in the rates of registration duties on agreements for long lease rights or building rights.
- Increase in the general fixed duty.
- As far as the Walloon Region is concerned: simplified application of reduced donation duties on movable assets as from 19 May 2014.

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.

2.1. Registration duties

Registration duties 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 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 – see art. 161 of the Code), the registration duties are nil.

Registration duties are to be paid in principle before deed registration by the registry office concerned.
Part II : Indirect taxation

Regisration duties, mortgage duties and court fees

2.1.1. Proportional registration duties

These duties amount in each case to a percentage of the tax base.

A. Sale of real estate

The duty is set at **12.5%** (10% in the Flemish Region) for sales, exchanges and all conveyancing agreements for valuable consideration, in respect of property or usufruct from real estate located in Belgium. The 12.5% (10%) duty is levied in principle on the contractual value of the real estate and expenses. 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. This taxable value cannot, however, be lower than the market value of the property as of the day of the agreement.

Except for the Brussels-Capital Region, sales of small rural properties and modest lodgings entitle to a reduced rate of duty (Art. 53). The duty is lowered to **5%** in the Flemish Region and to **6%** in the Walloon Region. There are 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 160,000 euro in areas of housing pressure and to 150,000 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% duty applies and by 20,000 euro where the 5% duty applies (cf. art. 46bis and 212ter of the Code, such as applicable to the Flemish Region).

In addition to the regulation in respect of this abatement, the Flemish Region applies ‘portability’ of registration 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 registration 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 art. 61/3 to 61/5 and 212ter of the Code, such as applicable to the Flemish Region).

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. art. 212bis and 212ter of the Code, such as applicable to the Flemish Region). The tax advantage is the same in both forms of portability (maximum 12,500 euro).

The abatement cannot combine with the portability.
Part II: Indirect taxation

Registration duties, mortgage duties and court fees

In the Brussels-Capital Region, the tax base is, under certain conditions, reduced by 60,000 euro in respect of acquisitions, by natural persons, of real estate (other than a building lot) aimed at being their main residence. This reduction is brought to 75,000 euro when the real estate is situated in an area allotted for enlarged development of housing or urban renovation. These areas have been determined in legal provisions laid out by the Brussels-Capital Region.

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 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 the proportional registration duty.

In the Walloon Region, the duty is reduced to 0% if the mortgage secures a 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, as applicable in the Walloon Region and in the Brussels-Capital Region).

In the Flemish Region, a duty amounting to 2.5% is levied on the above-mentioned operations. However, as far as the operations mentioned under 1° and 2° above are concerned, the tax base is reduced, in certain cases and provided certain conditions are met, by 50,000 euro and by an extra amount of 20,000 euro by child taken into consideration (see Art. 109 and 111bis of the Code, as applicable in the Flemish Region).
Part II: Indirect taxation

Registration duties, mortgage duties and court fees

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 January 1st, 2006 by the Act of June 22nd, 2005 (BOJ June 30th, 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% (in the Flemish Region: 10%) 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 January 1st, 2006 by the Act of June 22nd, 2005 (BOJ June 30th, 2005, first edition) introducing a tax allowance for corporate equity.

G. Donation duties

Donation duties 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 duty 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 DONATION DUTIES 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 duty is levied on the gross part of each of the donees; it is calculated according to the tables I and II hereafter.
### PART II - INDIRECT TAXATION

**Registration duties, mortgage duties and court fees**

#### TABLE I - Donations of immovable property between lineal relatives and between spouses

<table>
<thead>
<tr>
<th>Portion of value of the gift in euro</th>
<th>Tax rates in % Lineal and between spouses</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</td>
<td>25,000</td>
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<tr>
<td>25,000</td>
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<td>150,000</td>
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<td>200,000</td>
<td>250,000</td>
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<tr>
<td>250,000</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 gift.

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 January 1st, 2012 and December 31st, 2014 are concerned.

#### TABLE II - Donations of immovable property to collaterals and non-relatives

| Portion of value of the gift in euro | Tax rate in % Between brothers and sisters Between uncles or aunts and nephews or nieces Between any other persons |
|-------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|
| from  | Up to (and including) |  |  |  |
| 0.01  | 12,500  | 20 | 25 | 30 |
| 12,500 | 25,000  | 25 | 30 | 35 |
| 25,000 | 75,000  | 35 | 40 | 50 |
| 75,000 | 175,000 | 50 | 55 | 65 |
| above  | 175,000 | 65 | 70 | 80 |

#### TABLE III - Donations of building land between lineal relatives and between spouses

<table>
<thead>
<tr>
<th>Portion of value of the gift in euro</th>
<th>Tax rate in % Lineal and between spouses</th>
</tr>
</thead>
<tbody>
<tr>
<td>From</td>
<td>Up to (and including)</td>
</tr>
<tr>
<td>0.01</td>
<td>12,500</td>
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<tr>
<td>12,500</td>
<td>25,000</td>
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<td>25,000</td>
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<td>150,000</td>
<td>200,000</td>
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<tr>
<td>200,000</td>
<td>250,000</td>
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<tr>
<td>250,000</td>
<td>500,000</td>
</tr>
<tr>
<td>above</td>
<td>500,000</td>
</tr>
</tbody>
</table>

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

October 2014 issue.
Part II : Indirect taxation

Registration duties, mortgage duties and court fees

**TABLE IV - Donations of building land between collaterals and between non-relatives**

<table>
<thead>
<tr>
<th>Portion of value of the gift 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</td>
<td>10</td>
</tr>
<tr>
<td>150,000</td>
<td>50</td>
</tr>
<tr>
<td>above</td>
<td>65</td>
</tr>
</tbody>
</table>

The duty is calculated per donee and per portion of the gift.

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, 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 (see further, chapter 3).

With respect to donations rights, the word “spouse” shall also be construed as being

1° the person who, at the date of the gift, in line with the terms of Book III, Title Vbis of the Civil Code, legally cohabits with the donor;

or

2° the person or persons who, at the date of the gift, has or have been living together with the donor, sharing his household, for at least one year without interruption. 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 and the date of the gift. A certificate of residence holds a refutable assumption of uninterrupted cohabitation and shared household.

Provided certain conditions are met, the relationship by adoption is also taken into account with respect to donation rights.

As far as donation rights are concerned, the following donations are assimilated to donations between lineal relatives as from 17 January 2014:

1. donations between a step-parent and a step-child;
2. donations to a child of a person who cohabits or cohabited with the donor at the time of death of this person;
3. donations to a person who cohabits or cohabited with a donor’s relative at the time of death of this relative;
4. 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 person or this person and his/her spouse or cohabitant 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.
Part II: Indirect taxation

Registration duties, mortgage duties and court fees

As from the same date, donations between divorced or legally separated persons and donations between ex-cohabitants are only assimilated to donations between spouses or cohabitants 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 donation duties, 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 art. 140bis to 140septies of the Code, such as applicable to the Flemish Region.

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 gift in euro</th>
<th>Tax rates in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>From 0.01 Up to (and including) 12,500 Lineal, between spouses and between legal cohabitants</td>
<td></td>
</tr>
<tr>
<td>0.01 12,500 3</td>
<td></td>
</tr>
<tr>
<td>12,500 25,000 4</td>
<td></td>
</tr>
<tr>
<td>25,000 50,000 5</td>
<td></td>
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<tr>
<td>50,000 100,000 7</td>
<td></td>
</tr>
<tr>
<td>100,000 150,000 10</td>
<td></td>
</tr>
<tr>
<td>150,000 200,000 14</td>
<td></td>
</tr>
<tr>
<td>200,000 250,000 18</td>
<td></td>
</tr>
<tr>
<td>250,000 500,000 24</td>
<td></td>
</tr>
<tr>
<td>above 500,000 30</td>
<td></td>
</tr>
</tbody>
</table>

**TABLE II - Donations between collaterals and between non-relatives – General system**

<table>
<thead>
<tr>
<th>Portion of value of the gift in euro</th>
<th>Tax rate in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>From 0.01 Up to (and including) 12,500 Between brothers and sisters Between uncles or aunts and nephews or nieces Between any other persons</td>
<td></td>
</tr>
<tr>
<td>0.01 12,500 20 25 30</td>
<td></td>
</tr>
<tr>
<td>12,500 25,000 25 30 35</td>
<td></td>
</tr>
<tr>
<td>25,000 75,000 35 40 60</td>
<td></td>
</tr>
<tr>
<td>75,000 175,000 50 55 80</td>
<td></td>
</tr>
<tr>
<td>above 175,000 65 70 80</td>
<td></td>
</tr>
</tbody>
</table>

The duty is calculated per donee and per portion of the gift.
“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 brothers and sisters or between uncles/aunts and nephews/nieces;
- 7.7% 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, 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 gift in euro</th>
<th>Tax rates in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>From</td>
<td>Up to (and including)</td>
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<tr>
<td>------</td>
<td>----------------------</td>
</tr>
<tr>
<td>0.01</td>
<td>25,000</td>
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<tr>
<td>25,000</td>
<td>50,000</td>
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<tr>
<td>50,000</td>
<td>175,000</td>
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<tr>
<td>175,000</td>
<td>250,000</td>
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<tr>
<td>250,000</td>
<td>500,000</td>
</tr>
<tr>
<td>above</td>
<td>500,000</td>
</tr>
</tbody>
</table>
Part II: Indirect taxation

Registration duties, mortgage duties and court fees

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. This rate does 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, such as applicable to the Walloon Region.

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, donations of dwellings 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 to IV hereafter.

**TABLE I - Donations of immovable property between lineal relatives, between spouses and between cohabitants**

<table>
<thead>
<tr>
<th>Portion of value of the gift in euro</th>
<th>Tax rates in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>From</td>
<td>To (and including)</td>
</tr>
<tr>
<td>0.01</td>
<td>50,000</td>
</tr>
<tr>
<td>50,000</td>
<td>100,000</td>
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<tr>
<td>100,000</td>
<td>175,000</td>
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<tr>
<td>175,000</td>
<td>250,000</td>
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<tr>
<td>250,000</td>
<td>500,000</td>
</tr>
<tr>
<td>above</td>
<td>500,000</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.
Part II: Indirect taxation

Registration duties, mortgage duties and court fees

TABLE II - Donations of immovable property between brothers and sisters

<table>
<thead>
<tr>
<th>Portion of value of the gift 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 25,000</td>
<td>25</td>
</tr>
<tr>
<td>25,000 50,000</td>
<td>30</td>
</tr>
<tr>
<td>50,000 100,000</td>
<td>40</td>
</tr>
<tr>
<td>100,000 175,000</td>
<td>55</td>
</tr>
<tr>
<td>175,000 250,000</td>
<td>60</td>
</tr>
<tr>
<td>above 250,000</td>
<td>65</td>
</tr>
</tbody>
</table>

TABLE III - Donations of immovable property between uncles or aunts and nephews or nieces

<table>
<thead>
<tr>
<th>Portion of value of the donation in euro</th>
<th>Tax rate in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>From Up to (and including)</td>
<td>Between uncles or aunts and nephews or nieces</td>
</tr>
<tr>
<td>0.01 50,000</td>
<td>35</td>
</tr>
<tr>
<td>50,000 100,000</td>
<td>50</td>
</tr>
<tr>
<td>100,000 175,000</td>
<td>60</td>
</tr>
<tr>
<td>above 175,000</td>
<td>70</td>
</tr>
</tbody>
</table>

TABLE IV - 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 Up to (and including)</td>
<td>Between any other persons</td>
</tr>
<tr>
<td>0.01 50,000</td>
<td>40</td>
</tr>
<tr>
<td>50,000 75,000</td>
<td>55</td>
</tr>
<tr>
<td>75,000 175,000</td>
<td>65</td>
</tr>
<tr>
<td>above 175,000</td>
<td>80</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 (see further, chapter 3).

As regards donations of dwellings the rates of table V can apply. This preferential rate only applies where

- it is a donation between lineal relatives, between spouses or between cohabitants;
- the donation is a “dwelling” i.e. (a portion of) a real estate intended to be used wholly or partly as a dwelling, and that is in the unrestricted ownership of the donor,
- provided the dwelling is situated in the Brussels-Capital Region.

Donations of building land are explicitly excluded from the preferential rate.

In order to be entitled to the preferential rate, the donee may not be the owner of a dwelling and the donee or one of the other donees have to make certain commitments (see art. 131bis of the Code, such as it is applicable to the Brussels-Capital Region).
Part II: Indirect taxation

Registration duties, mortgage duties and court fees

TABLE V - Donations of dwellings between lineal relatives, between spouses and between cohabitants

<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>
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</tr>
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<td>175,000</td>
</tr>
<tr>
<td>175,000</td>
<td>250,000</td>
</tr>
<tr>
<td>250,000</td>
<td>500,000</td>
</tr>
<tr>
<td>above</td>
<td>500,000</td>
</tr>
</tbody>
</table>

The duty is calculated, on the basis of the above-mentioned tables, per donee and per portion of the gift.

As regards certain donations of businesses (full ownership of an industrial, commercial or agricultural undertaking or of a liberal profession), as well as donations of shares of certain companies, they are liable, subject to certain conditions, to a 3% duty. This rate does 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, such as applicable to the Brussels-Capital Region.

4. REDUCED DONATION DUTIES 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 (example: sharing out of immovable assets, 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 operations liable to VAT).

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 49 euro);
- the total or partial discharge of mortgage taken out in Belgium: 75 euro;
- (as from 1 April 2014) 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 certain conditions are met, the amicable rescission or
  cancellation of pre-contracts: 10 euro;
- in the Walloon Region, provided 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, 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

What is new?

- As far as the Walloon Region is concerned: limited exemption of estate duties for the brothers and sisters of a minor deceased; limited exemption for certain heirs of a victim deceased as a result of an exceptional act of violence; as from 1 June 2014: exemption of the first bracket of 160,000 euro for the dwelling house inherited by the surviving spouse or legal cohabitant.

- As far as the Flemish Region is concerned: new assimilation conditions for shares devolving to stepchildren.

- As far as the Brussels-Capital Region is concerned: exemption of inheritance tax and of transfer duty upon death for the family dwelling house.

- New rates for the annual tax on undertakings for collective investment, credit companies and insurance companies.

These duties are laid down and regulated by the Estate Duty Code and the decrees issued for its implementation.

3.1. Inheritance tax and transfer duty upon death

3.1.1 Generalities

Estate duties distinguish between inheritance tax and transfer duty upon death.

Inheritance tax 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.

The transfer duty upon death 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, debts specially relating to this property are deducted. 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 inheritance tax (see below).

The inheritance tax and the transfer duty upon death 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, in Europe or elsewhere. Those tax and duty have to be paid at the latest two months after the expiry of the period in which the declaration of estate must be filed.

The property that, according to evidence provided by the 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 donation duty (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 and a gift exempted from registration duties is assimilated to a gift liable to registration duties for donations.
Part II: Indirect taxation

Estate duties

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 (149) by each of the heirs,
3. according to the Region to which estate 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 I - Inheritances between lineal relatives, between spouses and between cohabitants

<table>
<thead>
<tr>
<th>Bracket of the net share in euro</th>
<th>Tax rates in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>From</td>
<td>Upon lineal relatives and between spouses</td>
</tr>
<tr>
<td>0.01</td>
<td>3</td>
</tr>
<tr>
<td>50,000</td>
<td>9</td>
</tr>
<tr>
<td>250,000</td>
<td>27</td>
</tr>
<tr>
<td>More than 250,000</td>
<td></td>
</tr>
</tbody>
</table>

The assignees' net share (spouse or cohabitant) 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 cohabitant who is either a testator's lineal assignee or assimilated to a lineal assignee.

"Cohabitant" means:

1° the person who, at the date the inheritance is opened, in line with the terms of Book III, Title Nbis of the Civil Code, legally cohabits with the testator;

or

2° the person or persons who, at the date the inheritance is opened, has or have been living together 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). 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 refutable assumption of uninterrupted cohabitation and shared household.

149 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" or "brothers and sisters", the tax rates vary according to the sum of the total net shares of these persons (see infra).
Part II: Indirect taxation

An inheritance between a stepparent and a stepchild is assimilated to an inheritance between lineal relatives. The same assimilation applies to the inheritance between the child of someone cohabiting with the deceased and the deceased, and to an inheritance between the person cohabiting with one of the deceased’s relatives and the deceased. In the second assimilation case, “cohabiting” refers to the above-mentioned definition of “cohabitants”. In this last assimilation case, the condition that the legatee must cohabit with one of the deceased’s relatives is met, where the legatee was cohabiting with this relative at the time of death, in accordance with the provisions of Book III, Title Vbis of the Civil Code, or where he can prove by any means except for the oath that, at the time of death, he was continuously living together with the deceased as a single household for one year. The assimilation also applies where the inheritance occurs after the death of the person cohabiting with the deceased or after the death of the deceased’s relative. In the last case, the requirement relating to the cohabitation also applies, but at the moment of the relative’s prior death.

An inheritance between divorced or legally separated persons and an inheritance between ex-cohabitants are only assimilated to an inheritance between spouses or cohabitants if there are common descendants. In order to benefit the assimilation, the ex-cohabiting legatee must prove that he cohabited with the deceased in accordance with the provisions of Book III, Title Vbis of the Civil Code or if he can prove by any means except for the oath that, at the time of death, he was continuously living together with the deceased as a single household for one year.

An inheritance between persons who have or had a parent/non-biological child relationship is assimilated to an inheritance between lineal relatives. Within the meaning of the present provision, such a relationship is supposed to exist or to have existed where someone, aged less than 21, has continuously cohabited for three years with someone else and has received during this period from principally this person or this person and his/her spouse assistance and care which are usually provided to children by their parents. The registration of the non-biological child in the population register or in the register of aliens at the non-biological parent’s address, is a rebuttable presumption of the cohabitation with the non-biological parent.

### TABLE II - Inheritances between brothers and sisters or between “others” (150)

<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 75,000 to 125,000</td>
<td>30</td>
</tr>
<tr>
<td>125,000</td>
<td>55</td>
</tr>
<tr>
<td>More than 125,000</td>
<td>65</td>
</tr>
</tbody>
</table>

“Taxable amount” means:
- as far as brothers and sisters are concerned: the net share of each of the brothers and sisters upon whom the estate devolves;
- as far as “others” are concerned: the sum of the net shares devolving upon these persons.

150 Theses rates also apply where the inheritance devolves on brothers and/or sisters of the deceased or on “other persons” (in the Flemish Region, this category also includes collateral heirs of the third degree, who in the other Regions belong to the category of “uncles or aunts and nephews or nieces”) who are not entitled to the rates applying to cohabitants (Table I).
A.2. **SPECIAL SCHEMES**

1. The following distinction should be made with respect to inheritance tax:
   - If the inheritance devolves upon lineal relatives or on the surviving spouse or cohabitant, 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 assigns of the group (151).

2. The lineal heirs and the surviving spouse or cohabitant are entitled to a tax reduction, which is degressive and shall not exceed 500 euro. No reduction shall be allowed for net shares exceeding 50,000 euro. For net shares up to 50,000 euro, the reduction amounts to 500 euro x (1 – net share/50,000). The net share in the dwelling house is not taken into account for calculating the total net share.

3. The testator's brothers and sisters are also entitled to a tax reduction on their net share, inasmuch as it does not exceed 75,000 euro. If the net share does not exceed 18,750 euro, the reduction amounts to 2,000 euro x net share/20,000. If the net share 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 spouses or cohabitants, brothers or sisters are entitled to a tax reduction, provided the sum of their net shares does not exceed 75,000 euro. That reduction is apportioned between the heirs in proportion to their net share of the inheritance. Where the aggregate of the net shares does not exceed 12,500 euro, the reduction amounts to 2,000 euro x (aggregate of the net shares)/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 shares]/75,000).

5. In order to determine the net shares mentioned sub 2, 3 and 4 above, the exemption for disabled persons (see 7 infra) is not taken into consideration. Where applicable, the tax reduction cannot exceed the amount of the 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 reduction, in favour of the surviving spouse or cohabitant, amounting to half the total amount of the additional reductions to which the common children are entitled. These reductions apply to all net shares, whatever is their amount, and they come on top of the reduction the children are entitled to according to point 2 above.

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151 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.

202 The Tax Survey should not be considered as an administrative circular, no rights can be founded on it. October 2014 issue.
7. Where lineal heirs, spouses or cohabitants are disabled persons, the shares devolving to them entitle to a tax exemption applicable to the base of the scale of inheritance tax and transfer duties upon death (Table I). This exemption, 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 exemption is first offset against the assignee’s net immovable share and then, if the latter is exhausted, against his net movable share. In respect of shares devolving to other persons (Table II), the exemption amounts to 1,000 euro, to be multiplied by the same factors. If a disabled person is taxable at the Table II rates together with one or more non-disabled persons, he will be charged to tax on his net share as if he were a single heir. The shares of 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 inheritance tax. To be entitled to this exemption, several conditions must be met, which are enumerated in art. 55bis of the Estate Duty Code, applicable in the Flemish Region, and in the relevant implementing orders by the Flemish government.

9. Provided certain conditions are met, assets and shares of family businesses or family companies which are part of an estate, are liable to the 3% rate for an inheritance between lineal relatives and between spouses and cohabitants, and to the 7% rate for an inheritance between other persons. Numerous stipulations must be met in order to obtain or maintain this advantage. For further details, reference is made to art. 60/1 to 60/7 of the Estate Duty Code, applicable in the Flemish Region. Those reduced rates do not apply to the inheritance of immovable property essentially used or intended to be used as a dwelling.

10. Under certain circumstances (see art. 55ter and 55quater of the Estate Duty Code applicable in the Flemish Region), 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 inheritance tax and from transfer duties upon death.

11. If, within a year of the death of the deceased, the goods which are received through inheritance are transferred anew through death, the inheritance tax or the transfer duty upon death 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 inheritance tax and not to donation duties.
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>
<th>Upon lineal relatives and between spouses and legal cohabitants</th>
</tr>
</thead>
<tbody>
<tr>
<td>From 0.01</td>
<td>12,500</td>
<td>3</td>
</tr>
<tr>
<td>12,500</td>
<td>25,000</td>
<td>4</td>
</tr>
<tr>
<td>25,000</td>
<td>50,000</td>
<td>5</td>
</tr>
<tr>
<td>50,000</td>
<td>100,000</td>
<td>7</td>
</tr>
<tr>
<td>100,000</td>
<td>150,000</td>
<td>10</td>
</tr>
<tr>
<td>150,000</td>
<td>200,000</td>
<td>14</td>
</tr>
<tr>
<td>200,000</td>
<td>250,000</td>
<td>18</td>
</tr>
<tr>
<td>250,000</td>
<td>500,000</td>
<td>24</td>
</tr>
<tr>
<td>More than 500,000</td>
<td></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.

This tax rate 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.

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>
<th>Between brothers and sisters</th>
<th>Between uncles or aunts and nephews or nieces</th>
<th>Between all other persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>From 0.01</td>
<td>12,500</td>
<td>20</td>
<td>25</td>
<td>30</td>
</tr>
<tr>
<td>12,500</td>
<td>25,000</td>
<td>25</td>
<td>30</td>
<td>35</td>
</tr>
<tr>
<td>25,000</td>
<td>75,000</td>
<td>35</td>
<td>40</td>
<td>60</td>
</tr>
<tr>
<td>75,000</td>
<td>175,000</td>
<td>50</td>
<td>55</td>
<td>80</td>
</tr>
<tr>
<td>More than 175,000</td>
<td></td>
<td>65</td>
<td>70</td>
<td>80 (*)</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 tax 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 entitled to an exemption of 12,500 euro, which means there is no liability to inheritance tax 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 imputed to 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 credited 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 tax and of 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 the inheritance tax as the transfer duty upon death, assets and shares of certain businesses or companies which are part of inheritances are charged at a 0% rate, 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.

6. Where inheritances between lineal relatives, between spouses or between legal cohabitants hold 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 estate duty on the net worth 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 0% rate, as mentioned in point 4 above, under certain circumstances (see art. 60ter of the Estate Duty Code applicable in the Walloon Region).
TABLE III - Inheritances of dwellings between lineal relatives, spouses or legal cohabitants (preferential rate)

<table>
<thead>
<tr>
<th>Bracket of the net share (euro)</th>
<th>Spouse or legal cohabitant</th>
<th>Lineal heir, donee, legatee</th>
</tr>
</thead>
<tbody>
<tr>
<td>From 0.01 to 25,000.00</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>25,000.01 to 50,000.00</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>50,000.01 to 160,000.00</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>160,000.01 to 175,000.00</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>175,000.01 to 250,000.00</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>250,000.01 to 500,000.00</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>more than 500,000.00</td>
<td>30</td>
<td>30</td>
</tr>
</tbody>
</table>

In order to determine the progressive inheritance tax applying to the inheritance, the tax base of the inheritance entitled to this preferential rate is added to the remainder of the heir’s share (see art. 66ter of the Inheritance Tax Code applicable to the Walloon Region).

7. If, within a year of the death of the deceased, the goods which received through inheritance are transferred anew through death, the inheritance tax or the transfer duty upon death on this second transfer is reduced by half.

8. In the Walloon Region, are exempted from inheritance tax 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 tax and the duty, slightly reduced, are 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 Inheritance Tax Code applicable to the Walloon Region).

9. Provided some conditions are met and with a limit amounting to 250,000 euro, an exemption of inheritance tax 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.
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, between spouses and between cohabitants**

<table>
<thead>
<tr>
<th>Tax brackets 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>50,000</td>
</tr>
<tr>
<td>50,000</td>
<td>100,000</td>
</tr>
<tr>
<td>100,000</td>
<td>175,000</td>
</tr>
<tr>
<td>175,000</td>
<td>250,000</td>
</tr>
<tr>
<td>250,000</td>
<td>500,000</td>
</tr>
<tr>
<td>More than</td>
<td>500,000</td>
</tr>
</tbody>
</table>

The assignees’ net share (spouse or cohabitant) in the real estate being the family dwelling house at the time of death, is exempted from inheritance tax and from transfer duty upon death. This exemption does apply neither to the cohabitant 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 “cohabitant” is a person being in a situation of legal cohabitation, as defined in Book III, Title Vbis of the Civil Code.

For the application of the tax rate between lineal relatives, is assimilated to a descendant of the deceased a child who is not a deceased’s descendant provided that this child, when he was less than 21, has continuously cohabited for six years with the deceased and has received during this period from the deceased or from the deceased and his/her spouse or cohabitant, assistance and care which are usually provided to children by their parents. The registration of the child 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. For the application of the same tax rate, is assimilated to the deceased’s father or mother the person who provided the deceased, under the same conditions, abovementioned assistance and care.

The tax rate of the duties between spouses and between cohabitants does not apply, as appropriate, where the spouses are divorced or legally separated or where the legal cohabitation ceased to exist, unless the spouses or the cohabitants have common children or descendants.

**TABLE II - Inheritances between brothers and sisters**

<table>
<thead>
<tr>
<th>Tax brackets 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>12,500</td>
</tr>
<tr>
<td>12,500</td>
<td>25,000</td>
</tr>
<tr>
<td>25,000</td>
<td>50,000</td>
</tr>
<tr>
<td>50,000</td>
<td>100,000</td>
</tr>
<tr>
<td>100,000</td>
<td>175,000</td>
</tr>
<tr>
<td>175,000</td>
<td>250,000</td>
</tr>
<tr>
<td>More than</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 rate 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</td>
<td>100,000</td>
</tr>
<tr>
<td>100,000</td>
<td>175,000</td>
</tr>
<tr>
<td>More than</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 %</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</td>
<td>75,000</td>
</tr>
<tr>
<td>75,000</td>
<td>175,000</td>
</tr>
<tr>
<td>More than</td>
<td>175,000</td>
</tr>
</tbody>
</table>

In respect of inheritances between lineal heirs, spouses or cohabitants 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 tax 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 tax and the transfer duty upon death, the lineal heirs, the surviving spouse or legal cohabitant are entitled to an exemption of 15,000 euro, which means there is no liability to inheritance tax 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 spouse or legal cohabitant, by half the total amount of the additional abatements to which the common children are entitled.

3. A reduction in the inheritance tax 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 tax as transfer duty upon death, assets and shares of certain small and medium enterprises which are part of inheritances are charged at a 3% rate, provided certain conditions are met. In order to obtain and to maintain this advantage, several conditions must be met, which are enumerated in art. 60bis 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 tax for the estate (see Estate Duty Code, art. 66ter, applicable in the Brussels-Capital Region).
Part II: Indirect taxation

5. 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 Inheritance Tax Code applicable to the Brussels-Capital Region), liable to inheritance tax 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 tax 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 Inheritance Tax Code applicable to the Brussels-Capital Region);

6. If, within a year of the death of the deceased, the goods which are received through inheritance are transferred anew through death, the inheritance tax or the transfer duty upon death on this second transfer is reduced by half.

3.2. The annual compensatory tax for inheritance tax

This tax is also called “tax on non-profit organisation” (NPO).

The compensatory tax for inheritance tax 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, credit companies 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 credit companies and insurance companies paying certain dividends, granting income or involved in certain insurance activities as defined in Art. 161 of the Inheritance Tax Code, are subject to this tax.

The tax is due on the net amount outstanding (investment companies, etc.), on a part of the amount of savings deposits (credit institutions), 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 (credit institutions and insurance enterprises having taken the form of cooperative companies recognised by the National Cooperation Council) (Art. 161bis of the Code).
Part II: Indirect taxation

The tax rate is 0.0925%. As far as the above-mentioned part of the amount of savings deposits (credit institutions) is concerned, the rate amounts however to 0.1929%.

It is only inasmuch as a Belgian investment company has attracted capital from institutional and professional investors that the rate is reduced to 0.01% (Art. 161ter of the Code).
CHAPTER FOUR
MISCELLANEOUS DUTIES AND TAXES

What is new?

- Change in the annual tax on credit institutions.
- Extension of the exemption of the tax on stock-exchange and carry-over transactions to certain
  securities issued by a Member State of the EEA.

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

There are two tariffs (art. 9 and 10 CMDT):

* 5 euro: e.g. for enforced recovery of sums by public authorities, records relating to public
  sales of tangible movable assets (apart from those drawn up by notaries and bailiffs) and
  some documents relating to patents;
* 2 euro: for some written documents delivered by the recorders of mortgages.

As from 10 January 2014, only one tariff, i.e. 2 euro, remains applying to some written
documents issued by the registrar of mortgages (Art. 10 CMDT).
Part II : Indirect taxation

Miscellaneous duties and taxes

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.

The deeds and written documents priced by articles 3 to 7, 8, 1°, 9 (this article has been abolished as from 10 January 2014) 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-over 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).

There are various exemptions (Art. 126¹ 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 and non-residents;
- transactions concerning participation rights in an institutional or private undertaking for collective investment;
- 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;
- and for a certain number of other transactions.
Part II: Indirect taxation

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. **2.50 per thousand**: normal rate;

b. **0.90 per thousand**: 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; participation interests in investment funds; shares issued by investment companies, etc.

However, the rate is 1% 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 650 euro for transactions to which the rate of 0.90 per thousand applies, 740 euro for transactions to which the rate of 2.50 per thousand applies and 1,500 euro for transactions concerning capitalisation shares (Art. 124 CMDT).

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 (Art. 125, §1, CMDT).

4.2.2. Taxes on carry-over

This tax is levied on carry-over 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 **0.85 per thousand** (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).
Part II: Indirect taxation

Miscellaneous duties and taxes

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. 176\(^2\) 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\(^1\) CMDT).

There are five rates (Art. 175\(^1\) to 175\(^3\) 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\(^1\) 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 transportation 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\(^{th}\) 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\(^1\) 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\(^2\) CMDT).

4.4. Annual tax on profit-sharing schemes

Sums divided up by way of profit sharing are liable to this tax (Art. 183\(^{bis}\) 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. 183\(^{ter}\) CMDT).

The tax is calculated on the total amount of the sums distributed on profit sharing for the tax
year (Art. 183\(^{quater}\) 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. 183\(^{quinquies}\) CMDT).
Part II: Indirect taxation

The tax is to be paid within the three months as from the date of the decision relating to profit-sharing distribution (Art. 183 octies 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 replenishment of a mortgaged 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 two rates (Art. 185 CMDT):

- 10% standard rate;
- 33% on certain conditions for early payments or the early granting of savings balances or surrender values.

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. 1873 CMDT).

4.6. Bill-posting tax

This tax is levied on all placards posted in the view of the public, when their surface area exceeds 1m², 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 m² or fraction of a m². 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 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 a proportion of the total amount of certain savings deposits on 1 January of the taxation year, with the exclusion of the interest relating to the previous year. The exempted bracket of income from savings deposits which is not taxable as movable income in compliance with the Income Tax Code 1992, is concerned. The abovementioned proportion is equal to the ratio of the total non-taxable income in compliance with the Income Tax Code 1992 to the total income allocated on these savings deposits for the year preceding the taxation year (Art. 201 CMDT).

The tax rate amounts to 0.0435% (Art. 201 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 CMDT).
5.1. **Duties upon importation**

Upon the importation of goods from countries outside the EU, “duties upon importation” are levied according to a scale which has been harmonised on Community level.

These duties are levied for the sole benefit of the European Union.

**5.1.1. Tax base of customs duties upon importation = generally the customs value, sometimes the quantity**

The value to be declared when goods are released for free circulation, which forms the basis for levying the import duties, must comply with the requirements of Articles 28 to 36 of the Community Customs Code (Council Regulation (EEC) no 2913/92 of October 12th, 1992).

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.

*Note:*

*The tax base for the VAT upon importation is the value calculated according to the applicable Community rules for the determination of the customs value, increased by additional charges up to the place of destination.*

**5.1.2. Tariff of import duties**

The tariff of customs duty upon importation is based on the nature of the goods and on the country from which they have been imported. Based on the nomenclature of the Harmonised System, the EU tariff determines the tariff applicable for each category of goods. Moreover, within the framework of 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 various legal and accessory provisions, in the "Applied Customs Tariff" issued by the administration.
5.2. Customs approved treatment

5.2.1. General

A. Temporary storage

Goods which are introduced into the customs territory of the EU are, from that moment on, subject to customs supervision and must be taken to a customs office or to a place approved of by customs (temporary storage facility) in order to be submitted to the latter.

In places approved of by customs the goods can be kept in temporary storage either for 45 days, if the goods were transported by sea, or for 20 days, if the goods were forwarded by another way.

B. Customs approved treatments

The goods must be declared for a customs-approved treatment, namely:

- the placing of the goods under a customs procedure (see point C below);
- their re-exportation from the customs territory of the European Union;
- their destruction;
- their abandonment to the Public Treasury;
- their entry into a free zone or a free warehouse.

C. Customs procedures

The term "customs procedure" is understood to mean:

1) the release for free circulation;
2) the transit;
3) the customs warehousing;
4) the inward processing;
5) the processing under customs control;
6) the temporary admission;
7) the outward processing;
8) the exportation.

The procedures referred to under items 3 to 7 are customs procedures with economic impact. The various procedures will be enlarged upon later on.

5.2.2. The Single Administrative Document

The placing of the goods under a customs procedure is effected, as a rule, under cover of the “Single Administrative Document” form. The Single Administrative Document has been designed to cover all movements of goods, i.e. exportation, transit and importation.

- 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 Community 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 Administrative Document.

The provisions as regards EORI came into force on 1 July 2009, but they are at present only compulsory for exportation.


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.

The Single Administrative 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 globalisation of declarations;
- incomplete declaration.

These simplified procedures are applicable to nearly all customs treatments.

152 Website only available in French and Dutch.
5.2.3. Clearance office

The declaration is made at an office at frontier of the EU, in a seaport, 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-Community goods the customs status of Community 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, Community goods are not subject to customs formalities in respect of intra-Community circulation; these movements are subject to the VAT regulations as intra-Community supplies.

However, in respect of intra-Community 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-Community 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></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cigarettes</td>
<td>200 pieces (3)</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></th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-sparkling wines</td>
<td>4 litres (3)</td>
</tr>
<tr>
<td>AND Beer</td>
<td>16 litres (3)</td>
</tr>
<tr>
<td>AND 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 air passengers 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.

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

About sixty countries (among which all the Member States of the European Union) have signed a convention in order to accelerate 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

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 countries concerned 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-Community borders.

As from January 1st, 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.

However, the paper TIR carnet must always be used together with the NCTS-TIR application program.

b. Community/common transit

The external community transit procedure allows the movement of non-community goods from one place in the customs territory of the Community to another, without levying import duties and without applying the trade policy measures.

The internal community transit procedure allows the movement of community goods from one place in the customs territory of the EU to another through a third country without the customs status being changed. The common transit system extends the Community 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.

The NCTS (New Computerised Transit System) has been mandatory since July 1st, 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 Community transit, the T1-document, and for internal Community transit the T2-document. Except where a simplified procedure is allowed, 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.

There are simplified procedures which, under certain conditions, allow the use of transport documents which are specific to the mean of transportation used in lieu of a transit declaration made by means of NCTS. Such documents are e.g. the railway bill of lading, the airway bill, the marine bill of lading. Moreover the decisions as to whether simplified procedures are allowed can be included in conventions concluded with other countries.

B. Customs warehouse

A customs warehouse is a facility where mainly non-Community 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.
A distinction must be made between, on the one hand, private bonded warehouses which are granted exclusively for the storage of goods in a customs warehouse system by the warehousekeeper and, on the other, public bonded warehouses which can used by any person for the storage of goods in that arrangement.

Among the private bonded warehouses, a distinction is made between bonded warehouses of type C, D and E, depending on the arrangements relating to the entry and clearance of goods. Control is based on the warehousekeeper’s stock records. These types of arrangements can also be granted for goods that are to be stored under the customs warehousing arrangement in different EU Member States.

Among the public bonded warehouses, a distinction is made between bonded warehouses of type A, bonded warehouses of type B (especially in harbours) and bonded warehouses of type F (mainly made available by the commune). In bonded warehouses of type A, control is based on the warehousekeeper’s stock records. In bonded warehouses of type B, the control is based on the entry and clearance documents; bonded warehouses of type F are managed by the customs.

Non-Community 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. Inward processing procedure

a. Definition

The inward processing procedure is a customs procedure with economic impact, which makes it possible to submit the following goods to one or several processing operations performed within the customs territory of the EU, using thereby, if necessary, one or more Community goods:

1) non-Community goods intended for re-exportation from the customs territory of the Community in the form of processed products, without their being subjected to import duties or to commercial policy measures (system of suspension);

2) goods released for free circulation, whereby the import duties on those goods are paid back or remitted if the goods are re-exported from the customs territory of the Community in the form of processed products (draw-back system).

This customs procedure also applies to the cost of making when the contractor remains the owner of the imported goods.

It should be noted that an inward processing procedure is not necessarily an industrial processing entailing an increase in value of the goods; small operations (common operations, repair, fine-tuning) can also be executed under this procedure.
Part II: Indirect taxation

b. Purpose and scope of the procedure

The main purpose of the inward processing procedure is to promote exportation from the customs territory of the EU by treating on the same terms Community-processors who incorporate goods from third countries in order to manufacture products to be exported and non-Community-processors who produce the same products without being subjected to customs duties. The temporary exemption from import duties (suspension system) or the refunding of the latter (draw-back system) on non-Community goods that are used in the exported processed products allow the Community-processors to produce quality products at the lowest cost, increasing their competitiveness on the foreign markets.

By promoting the exportations, the inward processing procedure contributes to improve the trade balance; anyhow, it adds an asset element to the balance, that is to say the plus-value of the used Community goods, added to the non-Community goods imported under the procedure and exported, after transformation, in the form of processed products, in addition to the labour costs linked with the processing.

Finally, the inward processing procedure is a means to fight unemployment, since it allows the preservation or the creation of jobs in the EU.

D. Processing under customs control (PCC)

a. Definition

PCC is a customs procedure with economic impact, allowing certain non-Community goods to be submitted, within the customs territory of the EU and without their being subjected to import duties or to commercial policy measures, to operations altering their state or their nature, and to release the products thus processed for free circulation in the EU at the relevant rate of import duties.

b. Purpose and scope of the procedure

The rate of the import duties has been determined in such a way that it safeguards the interests of all the producers of Community goods (raw materials, semi-finished products and finished products).

Generally, there is a higher duty upon importation of finished products than of raw materials or semi-finished goods needed for the production of those finished products.

In certain cases, the amount of the import duties to be paid on goods to be processed within the EU with a view to obtaining a (semi-)finished product may be higher than the import duties that would be due upon direct importation from a third country of the same (semi-)finished product. Such situations encourage the relocation of processing activities outside the EU. In order to prevent those risks, the Community legislator has provided for a processing procedure under customs control.

The processing under customs control is thus a procedure which advantages the EU-processors, insofar as the financial burden they have to bear in order to produce the finished product is lower than the financial burden they would have borne upon direct importation and release for free circulation of the goods bought in a third country.
E. 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. An "ATA carnet" can replace the single document for the temporary admission.

F. Flat rate outward processing

a. Definition

The outward processing procedure is a customs procedure with economic impact, which allows temporary exportation from the customs territory of the EU of Community 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 with the manufacturing of certain goods. Although the outward processing procedure puts the Community 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 of the exportations of Community goods intended to be incorporated in the processing of non-Community goods and reimported in the EU, and to a decrease of the imports of non-Community goods.

Furthermore, this procedure can lead to a kind of industrial cooperation with certain non-Community 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 Community 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.

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

The exportation procedure regulates the exportation of Community goods out of the customs territory of the EU.

Pursuant to Community provisions, 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 the person on whose behalf the declaration is made and who is the owner of the goods or has an equivalent power or disposal.
Part II: Indirect taxation

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.

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.

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 Administrative Document" for temporary exportation.

5.2.7. Refund or remission of the duties upon importation, excise duty, special excise duty and VAT

This system applies, for example, to goods which are destroyed by an inevitable accident before they have been released to the importer, to goods refused because they are not in conformity with the purchase contract, or in all cases of regularisation, etc.

5.2.8. Authorised Economic Operator

In the international context characterised by the increase of terrorist threats and organised cross-border crime which can seriously endanger not only the whole world 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 security amendments of the Community Customs Code [Regulation (EC) No. 648/2005 and Regulation (EC) No. 1875/2006] provide a legal framework for the measures of the CSP programme.
Part II: Indirect taxation

The creation of the Authorised Economic Operator (AEO) status, which is closely linked to other measures introduced in Community Customs Law (information exchange between customs authorities via information technology and computer networks – customs risk management at community level in compliance with Community 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 certified economic operators to benefit from trade facilitation measures.

The implementation of all the above-mentioned measures and the mutual recognition of the AEO certification between economic powers which develop of will develop this kind of certification (e.g.: C-TPAT – Customs Trade Partnership Against Terrorism – in the United States), 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 certification, 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 simplifications such as the status of authorised consignor, the centralised clearance, the 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/oeafr/index.htm (only available in French and Dutch).
Part II: Indirect taxation

CHAPTER SIX
EXCISE DUTIES

What is new?

Modification of excise duties on some manufactured tobacco, on alcoholic beverages and on some energy products.

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.

However, as far as alcohol, spirit drinks and manufactured tobacco are concerned, special arrangements apply temporarily:
- for the period from 30 September 2013 to 28 September 2014, the term of payment runs until the Thursday of the second week following the week during which the declaration of release for consumption has been filed;
- as from 29 September 2014, the term of payment runs 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 Minister of Finance, 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.

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 which are not immediately placed under a suspensive procedure. 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. As far as non-alcoholic beverages and beverages assimilated thereto are concerned, 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. As regards coffee, this term of payment runs: from 30 September 2013 to 28 September 2014, until the Thursday of the second week following the week during which the declaration of release for consumption has been filed; as from 29 September 2014, 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. 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 and bound for a customs office of export located in the country.

The dispatching of excise products under a suspensive procedure must be covered by a commercial identification document.

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 accounts of stock 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 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) and the security or the commercial documents and the security).

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.
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

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<th>Total</th>
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<td>A. Leaded petrol</td>
<td>245.4146</td>
<td>363.6238</td>
<td>28.6317</td>
<td>637.6701</td>
</tr>
<tr>
<td>B. Unleaded petrol ≥ 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>354.5238</td>
<td>28.6317</td>
<td>628.5701</td>
</tr>
<tr>
<td>2. Low-sulphur and low-aromatic</td>
<td>245.4146</td>
<td>339.5238</td>
<td>28.6317</td>
<td>613.5701</td>
</tr>
<tr>
<td>2a. Unblended</td>
<td>245.4146</td>
<td>339.5238</td>
<td>28.6317</td>
<td>613.5701</td>
</tr>
<tr>
<td>2b. Blended with at least 7% vol bioethanol falling within CN code 2207 10 00 (1)</td>
<td>245.4146</td>
<td>339.5238</td>
<td>28.6317</td>
<td>613.5701</td>
</tr>
<tr>
<td>C. Other kinds of unleaded petrol</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Unblended</td>
<td>245.4146</td>
<td>339.5238</td>
<td>28.6317</td>
<td>613.5701</td>
</tr>
<tr>
<td>2. Blended with at least 7% vol bioethanol falling within CN code 2207 10 00 (1)</td>
<td>245.4146</td>
<td>339.5238</td>
<td>28.6317</td>
<td>613.5701</td>
</tr>
<tr>
<td>D. Kerosene</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Used as motor fuel</td>
<td>294.9933</td>
<td>303.2531</td>
<td>28.6317</td>
<td>626.8781</td>
</tr>
<tr>
<td>2. Used as motor fuel for industrial and commercial applications (2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- energy-intensive businesses having entered into agreements or having implemented tradable permit schemes (3)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>- businesses having entered into agreements or having implemented tradable permit schemes (3)</td>
<td>9.2960</td>
<td>2.0440</td>
<td>0</td>
<td>11.3400</td>
</tr>
<tr>
<td>- other</td>
<td>18.5920</td>
<td>4.0880</td>
<td>0</td>
<td>22.6800</td>
</tr>
<tr>
<td>3. Used as heating fuel</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1. Business use</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- energy-intensive businesses having entered into agreements or having implemented tradable permit schemes</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>- businesses having entered into agreements or having implemented tradable permit schemes</td>
<td>0</td>
<td>0</td>
<td>9.6917</td>
<td>9.6917</td>
</tr>
<tr>
<td>- other businesses</td>
<td>0</td>
<td>0</td>
<td>19.3833</td>
<td>19.3833</td>
</tr>
<tr>
<td>3.2. Non-business use</td>
<td>0</td>
<td>0</td>
<td>19.3833</td>
<td>19.3833</td>
</tr>
</tbody>
</table>

(1) Of an alcoholic strength by volume of at least 99% vol, absolute or in the form of ETBE (ethyl tert-butyl ether) falling within CN code 2909 19 00, and which is not of synthetic origin.

(2) 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.

(3) Kerosene used under fiscal control for stationary motors, plant and machinery used in construction, civil engineering and public works.
## 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>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>229,4996</td>
<td>14,8736</td>
<td>442,6880</td>
</tr>
<tr>
<td>2. Used as motor fuel for industrial and commercial applications (1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- energy-intensive businesses having entered into agreements or having implemented tradable permit schemes (2)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>- businesses having entered into agreements or having implemented tradable permit schemes (2)</td>
<td>9,2960</td>
<td>2,0440</td>
<td>0</td>
<td>11,3400</td>
</tr>
<tr>
<td>- other</td>
<td>18,5920</td>
<td>4,0880</td>
<td>0</td>
<td>22,6800</td>
</tr>
<tr>
<td>3. Used as heating fuel</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1. Business use</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- energy-intensive businesses having entered into agreements or having implemented tradable permit schemes</td>
<td>0</td>
<td>0</td>
<td>0 (3)</td>
<td>0</td>
</tr>
<tr>
<td>- businesses having entered into agreements or having implemented tradable permit schemes</td>
<td>0</td>
<td>0</td>
<td>5,0000 (3)</td>
<td>9,2427</td>
</tr>
<tr>
<td>- other businesses</td>
<td>0</td>
<td>0</td>
<td>10,0000 (3)</td>
<td>18,4854</td>
</tr>
<tr>
<td>3.2. Non-business use</td>
<td>0</td>
<td>0</td>
<td>10,0000 (3)</td>
<td>18,4854</td>
</tr>
</tbody>
</table>

(1) 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.

(2) Gas oil used under fiscal control for stationary motors, plant and machinery used in construction, civil engineering and public works.

(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>F. Gas oil with a sulphur content not exceeding 10 mg/kg</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Used as motor fuel</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1a. Unblended</td>
<td>198.3148</td>
<td>214.4996 (5)</td>
<td>14.8736</td>
<td>427.6880 (5)</td>
</tr>
<tr>
<td>1b. Blended with at least 5% vol FAME (1) falling within CN code 3824 90 99 and complying to standard NBN EN 14214</td>
<td>198.3148</td>
<td>214.4996 (5)</td>
<td>14.8736</td>
<td>427.6880 (5)</td>
</tr>
<tr>
<td>2. Used as motor fuel for industrial and commercial applications (2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- energy-intensive businesses having entered into agreements or having implemented tradable permit schemes (3)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>- businesses having entered into agreements or having implemented tradable permit schemes (3)</td>
<td>9.2960</td>
<td>2.0440</td>
<td>0</td>
<td>11.3400</td>
</tr>
<tr>
<td>- other</td>
<td>18.5920</td>
<td>4.0880</td>
<td>0</td>
<td>22.6800</td>
</tr>
<tr>
<td>3. Used as heating fuel</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1. Business use</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- energy-intensive businesses having entered into agreements or having implemented tradable permit schemes</td>
<td>0</td>
<td>0</td>
<td>0 (4)</td>
<td>0</td>
</tr>
<tr>
<td>- businesses having entered into agreements or having implemented tradable permit schemes</td>
<td>0</td>
<td>0</td>
<td>5.0000 (4) + 3.5511</td>
<td>8.5511</td>
</tr>
<tr>
<td>- other businesses</td>
<td>0</td>
<td>0</td>
<td>10.0000 (4) + 7.1022</td>
<td>17.1022</td>
</tr>
<tr>
<td>3.2. Non-business use</td>
<td>0</td>
<td>0</td>
<td>10.0000 (4) + 7.1022</td>
<td>17.1022</td>
</tr>
</tbody>
</table>

(1) Fatty acid methyl ester, i.e. a vegetable oil resulting from a chemical processing (esterisation).

(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) Gas oil used under fiscal control for stationary motors, plant and machinery used in construction, civil engineering and public works.

(4) Inspection fee.

(5) A reimbursement amounting to 0.0763 euro per litre is provided for vehicles described in the Programme Law of December 27th, 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 transportation of goods by road.
**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>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</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- energy-intensive businesses having entered into agreements or having implemented tradable permit schemes (1)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>- businesses having entered into agreements or having implemented tradable permit schemes (1)</td>
<td>6.5000</td>
<td>1.6000</td>
<td>0</td>
<td>8.1000</td>
</tr>
<tr>
<td>- other businesses (1)</td>
<td>13.0000</td>
<td>3.2000</td>
<td>0</td>
<td>16.2000</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 (2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- energy-intensive businesses having entered into agreements or having implemented tradable permit schemes (3)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>- businesses having entered into agreements or having implemented tradable permit schemes (3)</td>
<td>18.5920</td>
<td>3.5480</td>
<td>0</td>
<td>22.1400</td>
</tr>
<tr>
<td>- other</td>
<td>37.1840</td>
<td>7.0960</td>
<td>0</td>
<td>44.2800</td>
</tr>
<tr>
<td>3. Used as heating fuel</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1. Business use</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- energy-intensive businesses having entered into agreements or having implemented tradable permit schemes</td>
<td>0</td>
<td>0</td>
<td>0 (4) or 0 (5)</td>
<td>0 (4) or 0 (5)</td>
</tr>
<tr>
<td>- businesses having entered into agreements or having implemented tradable permit schemes</td>
<td>0</td>
<td>0</td>
<td>9.2365 (4) or 9.3703 (5)</td>
<td>9.2365 (4) or 9.3703 (5)</td>
</tr>
<tr>
<td>- other businesses</td>
<td>0</td>
<td>0</td>
<td>18.4731 (4) or 18.7407 (5)</td>
<td>18.4731 (4) or 18.7407 (5)</td>
</tr>
<tr>
<td>3.2. Non-business use</td>
<td>0</td>
<td>0</td>
<td>18.4731 (4) or 18.7407 (5)</td>
<td>18.4731 (4) or 18.7407 (5)</td>
</tr>
</tbody>
</table>

(1) Except where used to produce electricity.
(2) 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.
(3) LPG used under fiscal control for stationary motors, plant and machinery used in construction, civil engineering and public works.
(4) Butane.
(5) 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>I. Natural gas (in euro per MWh – upper combustion value)</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></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- energy-intensive businesses having entered into agreements or having implemented tradable permit schemes (2)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>- businesses having entered into agreements or having implemented tradable permit schemes(2)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>- other</td>
<td>0</td>
<td>0</td>
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</tr>
<tr>
<td>3. Used as heating fuel</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3a. Business use</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- energy-intensive businesses having entered into agreements or having implemented tradable permit schemes</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>- businesses having entered into agreements or having implemented tradable permit schemes</td>
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<td>0.0942</td>
<td>0.0942</td>
</tr>
<tr>
<td>- other businesses</td>
<td>0</td>
<td>0</td>
<td>0.9889</td>
<td>0.9889</td>
</tr>
<tr>
<td>3b. Non-business use</td>
<td>0</td>
<td>0</td>
<td>0.9889</td>
<td>0.9889</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) Natural gas used under fiscal control for stationary motors, plant and machinery used in construction, civil engineering and public works.
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>J. Coal, coke and lignite (euro per 1,000 kg)</td>
<td>0</td>
<td>8.6526 (1)</td>
<td>3.0000 (1)</td>
<td>11.6526 (1)</td>
</tr>
<tr>
<td>K. Electricity (euro per MWh)</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</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>to high-voltage transport or distribution</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>network &gt; 1 kV</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1b. supplied to end user connected</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>to high-voltage transport or distribution</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>network ≤ 1 kV</td>
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<td></td>
</tr>
<tr>
<td>- energy-intensive businesses</td>
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<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>having entered into agreements or</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>having implemented tradable permit schemes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- businesses having entered into agreements</td>
<td>0</td>
<td>0</td>
<td>0.9544</td>
<td>0.9544</td>
</tr>
<tr>
<td>or having implemented tradable permit schemes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- other businesses</td>
<td>0</td>
<td>0</td>
<td>1.9088</td>
<td>1.9088</td>
</tr>
<tr>
<td>2. Non-business use</td>
<td>0</td>
<td>0</td>
<td>1.9088</td>
<td>1.9088</td>
</tr>
</tbody>
</table>

(1) Exemption for coal, coke and lignite used by households (see below, exemptions, item 2, k).

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.

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.
Part II: Indirect taxation

Excise duties

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; e.g. the use of energy products for chemical reduction and in electrolytic and metallurgical processes);
   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. colesseed oil used as motor fuel, when produced by a natural person or a legal person who acts alone or in collaboration with others, depending on his own production, and when sold to an end user without intermediary (exemption temporarily suspended until a date to be determined);

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.

In order to prevent exempted oils from being used as motor fuel, they shall either be denatured or an amount of not less than 6 grams and not more than 9 grams of Solvent Yellow 124 shall be added per 1,000 litres of mineral oil. Moreover, exempted gas oil, and in certain cases heavy fuel oil, shall be identified by addition of a red pigment.

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 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>1.0540</td>
<td>1.8473</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.
Part II: Indirect taxation

Excise duties

The total excise duty on 1 litre of pilsner beer, with a density of 12.5 Plato degrees (in this case rounded to 12 degrees Plato) amounts to:

\[ 12 \times 1.8473 \text{ euro} / 100 = 0.221676 \text{ euro}. \]

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>1.2097</td>
<td>1.6063</td>
</tr>
<tr>
<td>not exceeding 25,000 hl</td>
<td>0.3966</td>
<td>1.2633</td>
<td>1.6599</td>
</tr>
<tr>
<td>not exceeding 50,000 hl</td>
<td>0.3966</td>
<td>1.3168</td>
<td>1.7134</td>
</tr>
<tr>
<td>not exceeding 75,000 hl</td>
<td>0.4462</td>
<td>1.3208</td>
<td>1.7670</td>
</tr>
<tr>
<td>not exceeding 200,000 hl</td>
<td>0.4462</td>
<td>1.3744</td>
<td>1.8206</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. They 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, in addition, the wines are produced without any enrichment.

**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. 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:

<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>56.97</td>
<td>56.97</td>
</tr>
<tr>
<td>Sparkling wines</td>
<td>0</td>
<td>194.94</td>
<td>194.94</td>
</tr>
</tbody>
</table>

(1) 0 euro excise duty and 18.036 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.

Examples:

- The total excise duty for a 0.7 litre bottle of grape wine of an alcoholic strength of 12% vol. is \[ 0.7 \times 56.97 \text{ euro} / 100 = 0.39879 \text{ euro} \]
- The total excise duty for a 0.7 litre bottle of champagne of an alcoholic strength of 11% vol. is \[ 0.7 \times 194.94 \text{ euro} / 100 = 1.36458 \text{ euro} \]
Part II: Indirect taxation

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 A or B above, of CN Codes 2204, 2205 and 2206 (see annex to this chapter) which are not classified under "other sparkling fermented beverages". 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%, and, in addition, the alcohol in the end product being 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 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. 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.

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>56.97</td>
<td>56.97</td>
</tr>
<tr>
<td>Sparkling</td>
<td>0</td>
<td>194.94</td>
<td>194.94</td>
</tr>
</tbody>
</table>

(1) 0 euro excise duty and 18.036 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.

Examples:

- The total excise duty for a 0.7 litre bottle of non-sparkling perry of an alcoholic strength of 9% vol. is 0.7 * 56.97 euro / 100 = 0.39879 euro
- The total excise duty for a 0.7 litre bottle of sparkling cider of an alcoholic strength of 9% vol. is 0.7 * 194.94 euro / 100 = 1.36458 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%.
Part II: Indirect taxation

Excise duties

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><strong>“Non-sparkling” intermediate products</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) alcoholic strength exceeding 15% by volume</td>
<td>66.9313</td>
<td>52.9487</td>
<td>119.8800</td>
</tr>
<tr>
<td>b) alcoholic strength not exceeding 15% by volume</td>
<td>47.0998</td>
<td>42.8642</td>
<td>89.9640</td>
</tr>
<tr>
<td><strong>“Sparkling” intermediate products (1)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) alcoholic strength exceeding 15% by volume</td>
<td>66.9313</td>
<td>128.0087</td>
<td>194.9400</td>
</tr>
<tr>
<td>b) alcoholic strength not exceeding 15% by volume</td>
<td>47.0998</td>
<td>147.8402</td>
<td>194.9400</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.

Example:
The total excise duty for a 0.75 litre bottle of vermouth of an alcoholic strength of 17% vol. = 0.75 x 119.88 euro / 100 = 0.8991 euro

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>1,895.8558</td>
<td>2,118.9600</td>
</tr>
</tbody>
</table>

Example:
The total excise duty on a 70 cl bottle of whisky of an actual alcoholic strength of 40% by volume amounts to: 2,118.96 euro x 0.4 x 0.007 = 5.933088 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).
Part II: Indirect taxation

Excise duties

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.

<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>45.84 %</td>
<td>4.57 %</td>
<td>50.41 %</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 16.7000 euro per 1,000 pieces. Moreover, for smoking tobacco, a specific special excise duty of 14.5000 euro per kilogram is levied.

(2) For cigarettes, the aggregate amount of excise duty and special excise duty (both specific and ad valorem) shall in no case be less than 101% of the aggregate amount of the same taxes applying to the weighted average price (the weighted average price was fixed on 1 January 2014 at 244.1107 euro per 1,000 pieces; the aggregate amount of excise duties is 146.6476 euro, which means that the minimum amount of excise duty for 1,000 pieces is 148.1000 euro. For other quantities, this amount is calculated proportionally).

For smoking tobacco finely cut for rolling cigarettes and other kinds of smoking tobacco, the aggregate amount of excise duty and special excise duty shall in no case be less than 102% of the aggregate amount of the same taxes applying to the weighted average price (the weighted average price was fixed on 1 January 2014 at 100.4816 euro per kilogram; the total excise duties amount to 46.1517 euro, which means that the minimum excise duty for 1 kilogram is 47.1000 euro. For other quantities, this amount is calculated proportionally).

As regards cigars, the aggregate amount of excise duty, special excise duty and VAT shall by no means be less than the aggregate amount of the same taxes applying to the most popular price category (the price of cigars in the most popular price category was fixed on 1 January 2014 at 260 euro per 1,000 pieces, which means that the minimum amount of taxes per 1,000 pieces is 71.1000 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.
Example

Take the case of a pack of 19 pieces of cigarettes priced 5.50 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 VAT). This corresponds to an amount of 0.9545 euro. The total ad valorem excise duty amounts to 50.41% of the retail price, corresponding to an amount of 2.7726 euro. The total specific excise duty amounts to 23.5914 euro per 1,000 pieces, corresponding to an amount of 23.5914 x 19/1,000 = 0.4482 euro per 19 pieces (0.1309 euro for the specific excise duty and 0.3173 euro for the specific special excise duty).

6.7.4. Non-alcoholic beverages

Per hectolitre, except where otherwise provided:

<table>
<thead>
<tr>
<th>Excise duty</th>
<th>in euro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate a</td>
<td>0</td>
</tr>
<tr>
<td>Rate b</td>
<td>3.7184</td>
</tr>
<tr>
<td>Rate c</td>
<td>0</td>
</tr>
<tr>
<td>Rate d1</td>
<td>22.3104</td>
</tr>
<tr>
<td>Rate d2 (per 100 kg net weight)</td>
<td>37.1840</td>
</tr>
</tbody>
</table>

Rate a applies to 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.

Rate b applies to:
1. waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured, and other non-alcoholic beverages covered by CN code 2202, with the exception of milk-based drinks or soya drinks. The concept of “milk-based drinks or soya drinks” is further defined in the circular relating to the application of Article 26 of the Law of 19 May 2010 making fiscal and various provisions (BOJ of 25 June 2010, Ed. 2, p. 39585-39586);
2. beers such as described sub 6.7.2.A, with an alcoholic strength not exceeding 0.5% vol.;
3. wines covered by CN codes 2204 and 2205, with an alcoholic strength not exceeding 1.2% vol.;
4. 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.;
5. beverages covered by CN code 2208, with an alcoholic strength not exceeding 1.2% vol.

Rate c applies to 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.

Rate d1 applies to all substances obviously used for the preparation of non-alcoholic beverages mentioned sub 1, 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. Rate d2 applies where this substance is presented in powder or granular form, or in another solid form. The concept of “substances” is further defined in the circular relating to the application of Article 26 of the Law of 19 May 2010 making fiscal and various provisions (BOJ of 25 June 2010, Ed. 2, p. 39585-39586).
Part II: Indirect taxation

Excise duties

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

Per kilogram net weight:

<table>
<thead>
<tr>
<th>Excise duty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate a</td>
</tr>
<tr>
<td>Rate b</td>
</tr>
<tr>
<td>Rate c</td>
</tr>
</tbody>
</table>

Rate a applies to not roasted coffee covered by CN code 0901, rate b to roasted coffee covered by CN code 0901 and rate c to extracts, essences and concentrates of coffee, solid or liquid, as well as to preparations with a basis of extracts, essences and concentrates of coffee and to preparations with a basis of coffee, covered by CN code 2101.

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 duty.
## 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 maté; 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>
<tr>
<td>2204 10</td>
<td>sparkling wines (for example champagne)</td>
</tr>
<tr>
<td>2204 21 10 (*)</td>
<td>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</td>
</tr>
<tr>
<td>2204 29 10</td>
<td>as 2204 21 10, but in larger packaging</td>
</tr>
</tbody>
</table>

(*) 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>
The packaging charge and the environmental charge are 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 environmental charge is assimilated to an excise duty and is notably levied to compensate CO₂ emitted during the manufacture of some products (see below). It is due at the time these products are released for consumption, i.e. at the time packages and articles (particularly household packages and articles) are delivered to retailers by taxpayers who must register in accordance with the procedures laid down by the Minister of Finance. The filing of the first declaration of release for consumption shall constitute registration as person liable for payment of the environmental charge.

As far as the environmental charge are concerned, registered taxpayers must file a declaration of release for consumption at the latest the 15th day of the month following the month of the release for consumption. The amount must be paid immediately where the declaration of release for consumption is filed. With respect to the packaging charge, the payment must occur in the same way and under the same conditions as for excise duties on the packaged goods.
7.2. Tax amounts and exemptions

7.2.1. Packaging charge

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.

7.2.2. Environmental charge

The environmental charge amounts to:

- 3.00 euro/kg for disposable plastic bags intended for the transportation of goods purchased in retail shops with CN Code 39.23;
- 3.60 euro/kg for disposable plastic kitchenware with CN Code 39.24;
- 2.70 euro/kg for plastic plates, sheets, strips, tape, foil and other flat shapes, even self-adhesive, even in rolls, for household use, with CN Code 39.19;
- 4.50 euro/kg for aluminium sheets and strips, even printed or backed with paper, paperboard, plastics or similar backing, of a thickness not exceeding 0.2 mm (excluding any backing), even in rolls, for household use, with CN Code 76.07.

For further information about the products concerned, it can be referred to the circular dd. 8 June 2007 (BOJ 15 June 2007 and 6 July 2007).
CHAPTER EIGHT
TAXES ASSIMILATED TO INCOME TAXES

What is new?
- Annual indexation on 1 July of certain rates of the circulation tax.
- As far as the Flemish Region is concerned: adjustment of some components for the calculation of the tax on the entry into service.
- As far as the Walloon Region is concerned: changes in the rates relating to the gaming machine licence duty; changes in the vehicle tax and in the betting and gambling tax.
- As far as the Brussels-Capital Region is concerned: changes in the rates relating to the gaming machine licence duty.

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 and the Eurovignette, which fall within the competence of the Flemish Region, the provisions specified in the “Vlaamse Codex Fiscaliteit” (Flemish Tax Code) apply.

8.1. Circulation tax (CT)

Preliminary remark:

As from 1 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.

As from 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.

8.1.1. Taxable vehicles

The tax 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.

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 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 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 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 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 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.

### 8.1.2. Exemptions

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.
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.

Moreover, as from 1 January 2012, the Flemish Region has also introduced an exemption for vehicles which are deployed by transporters subsidized by the Flemish Region and used exclusively for the transportation of disabled persons or persons with severely reduced mobility.

### 8.1.3. 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. 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 80 mm. Its piston stroke is also 80 mm. The cylinder capacity is therefore 1.6 litres. The fiscal power, expressed in HP, is:</td>
</tr>
<tr>
<td>[ HP = 4 \times \text{cylinder capacity} + \frac{\text{Weight (in 100 kg)}}{4} ]</td>
</tr>
<tr>
<td>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 1.6 litres, the coefficient is equal to 2.25. The fiscal rating in HP amounts therefore for that car to:</td>
</tr>
<tr>
<td>[ 4 \times 1.6 + 2.25 = 8.65, \text{rounded up to } 9 \text{ HP}. ]</td>
</tr>
</tbody>
</table>

### 8.1.4. Indexation of the rates

A number of rates are adjusted on 1 July of each year to the fluctuations of the general consumer price index. These are the tax rates for the following vehicles:

- a. motor cars, twin-purpose cars and minibuses;
- b. motorcycles;
- c. coaches and buses (the minimum rate only);
- d. trailers and semi-trailers with a maximum allowable mass not exceeding 3,500 kg;
- e. 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.
Part II: Indirect taxation

8.1.5. Rates

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 2014 till 30 June 2015.

A. Motor cars, twin-purpose vehicles and minibuses

<table>
<thead>
<tr>
<th>HP</th>
<th>Tax in euro (without surcharges, see 8.1.8)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 or less</td>
<td>69.96</td>
</tr>
<tr>
<td>5</td>
<td>87.48</td>
</tr>
<tr>
<td>6</td>
<td>126.48</td>
</tr>
<tr>
<td>7</td>
<td>165.24</td>
</tr>
<tr>
<td>8</td>
<td>204.48</td>
</tr>
<tr>
<td>9</td>
<td>243.48</td>
</tr>
<tr>
<td>10</td>
<td>282.12</td>
</tr>
<tr>
<td>11</td>
<td>366.12</td>
</tr>
<tr>
<td>12</td>
<td>450.12</td>
</tr>
<tr>
<td>13</td>
<td>534.00</td>
</tr>
<tr>
<td>14</td>
<td>618.00</td>
</tr>
<tr>
<td>15</td>
<td>702.00</td>
</tr>
<tr>
<td>16</td>
<td>919.44</td>
</tr>
<tr>
<td>17</td>
<td>1,137.24</td>
</tr>
<tr>
<td>18</td>
<td>1,354.80</td>
</tr>
<tr>
<td>19</td>
<td>1,572.00</td>
</tr>
<tr>
<td>20</td>
<td>1,789.56</td>
</tr>
<tr>
<td>for each additional HP above 20 HP</td>
<td>97.44</td>
</tr>
</tbody>
</table>

B. Motor vehicles intended for road haulage, whose maximum allowable mass is less than 3,500 kg

19.32 euro per 500 kg of maximum allowable mass (exclusive surcharges, see 8.1.8), with application of a minimum tax amounting to 31.25 euro (34.38 euro, surcharges included) for the first 0-500 kg bracket.

C. Motorcycles

Uniform 49.56 euro tax (exclusive surcharges, see 8.1.8). Where the cylinder capacity does not exceed 250 cm³, an exemption from circulation tax is granted, but a small tax is levied by the local authorities.

D. Coaches and buses

- if \( \leq 10 \) HP: 4.44 euro per HP with a minimum of 70.19 euro (exclusive surcharges; see 8.1.8).
- 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 surcharges; see 8.1.8).
E. Motor vehicles or compound vehicles intended for road haulage

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-propelling 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.

There are 338 tariff rates (surcharges are still to be added: see 8.1.8.), subdivided in 10 tables:

1. Self-propelled motor vehicles

   I. Motor vehicle with not more than two axles (30 rates, varying from 59.97 euro to 337.04 euro)
   II. Motor vehicle with three axles (22 rates, varying from 209.67 euro to 448.59 euro)
   III. Motor vehicle with four axles (18 rates, varying from 248.44 euro to 552.11 euro)
   IV. Motor vehicle with more than four axles (58 rates, varying from 59.97 euro to 552.11 euro)

2. Compound vehicles

   V. Motor vehicle with not more than two axles and trailer or semi-trailer with a single axle (50 rates, varying from 59.97 euro to 524.15 euro)
   VI. Motor vehicle with two axles and trailer or semi-trailer with two axles (30 rates, varying from 260.29 euro to 705.98 euro)
   VII. Motor vehicle with two axles and trailer or semi-trailer with three axles (16 rates, varying from 471.00 euro to 771.35 euro)
   VIII. Motor vehicle with three axles and trailer or semi-trailer with not more than two axles (16 rates, varying from 429.20 euro to 844.70 euro)
   IX. Motor vehicle with three axles and trailer or semi-trailer with three axles (16 rates, varying from 286.07 euro to 771.35 euro)
   X. Compound vehicles made up differently from the configurations mentioned in V to IX (82 rates, varying from 59.97 euro to 808.01 euro)
Part II: Indirect taxation

Taxes assimilated to income taxes

Examples

1. Two-axled truck with a MAM of 10,000 kg: 164.68 euro when pneumatic suspension and 205.85 euro when not;
2. Three-axled truck with a MAM of 20,000 kg: 262.15 euro when pneumatic suspension and 374.52 euro when not;
3. Four-axled truck with a MAN of 25,000 kg: 269.14 euro when pneumatic suspension and 448.59 euro when not;
4. Five-axled truck with a MAM of 30,000 kg: 337.21 euro when pneumatic suspension and 534.86 euro when not;
5. Two-axled tractor and single-axled semi-trailer with a MAM of 20,000 kg: 309.87 euro when pneumatic suspension and 393.26 euro when not;
6. Two-axled truck and two-axled trailer with a MAM of 30,000 kg: 433.81 euro when pneumatic suspension and 580.37 euro when not;
7. Three-axled tractor and two-axled semi-trailer with a MAM of 43,000 kg: 571.00 euro when pneumatic suspension and 844.70 euro when not;
8. Three-axled tractor and three-axled semi-trailer with a MAM of 43,000 kg: 313.61 euro when pneumatic suspension and 771.35 euro when not.

F. Trailers and semi-trailers with a maximum allowable mass (MAM) not exceeding 3,500 kg

32.64 euro (exclusive surcharges) when MAM not exceeding 500 kg;
68.04 euro (exclusive surcharges) when MAM exceeding 500 kg and not exceeding 3,500 kg.

Derogation for the Flemish Region

The Flemish Region grants an exemption from circulation tax for trailers and semi-trailers with a MAM 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 not legal persons.

N.B.: Camping trailers and trailers for the transportation of one boat remain liable to the fixed-rate charge (see point G hereafter).

G. Vehicles liable to a fixed-rate charge

This tax amounts to 31.72 euro (exclusive surcharges) and is levied on:
- motor cars, twin-purpose cars and minibuses and motorcycles older than 25 years;
- camping trailers and trailers for the transportation of one boat;
- collectors' military vehicles older than 30 years.

The minimum rate on all vehicles liable to circulation tax amounts to 31.72 euro (exclusive surcharges).

The Tax Survey should not be considered as an administrative circular, no rights can be founded on it.
October 2014 issue.
**Part II: Indirect taxation**

**Taxes assimilated to income taxes**

### H. Motorhomes (only applicable in the Flemish Region)

<table>
<thead>
<tr>
<th>Maximum allowable mass (MAM) in kg</th>
<th>Tax in euro</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 only apply to natural persons. These vehicles do not entitle for an exemption.

#### 8.1.6. Tax abatements

In certain cases 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).

#### 8.1.7. Additional circulation tax (ACT)

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 8.1.4) does **not** apply to the ACT and **no** municipal surcharge (see 8.1.8) is levied.
8.1.8. Surcharge in favour of the municipalities

This surcharge applies to all vehicles liable to the circulation tax, 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;
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 8.1.3. amounts to:

\[243.48 \text{ euro} + 24.35 \text{ euro} = 267.83 \text{ euro}\]

Where necessary, the additional circulation tax (see 8.1.7) must be added.

8.1.9. Summary table of the circulation tax

Save changes in legal provisions having occurred in the meantime, the following circulation tax tariffs, surcharges included, apply from 1 July 2014 until 30 June 2015. The table hereafter illustrates the tariffs applying to vehicles with a cylinder capacity of not more than 9.1 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>76.96</td>
<td>5.1 – 5.2</td>
<td>25</td>
<td>2,504.44</td>
</tr>
<tr>
<td>0.8 – 0.9</td>
<td>5</td>
<td>96.23</td>
<td>5.3 – 5.5</td>
<td>26</td>
<td>2,611.62</td>
</tr>
<tr>
<td>1.0 – 1.1</td>
<td>6</td>
<td>139.13</td>
<td>5.6 – 5.7</td>
<td>27</td>
<td>2,718.80</td>
</tr>
<tr>
<td>1.2 – 1.3</td>
<td>7</td>
<td>181.76</td>
<td>5.8 – 5.9</td>
<td>28</td>
<td>2,825.99</td>
</tr>
<tr>
<td>1.4 – 1.5</td>
<td>8</td>
<td>224.93</td>
<td>6.0 – 6.1</td>
<td>29</td>
<td>2,933.17</td>
</tr>
<tr>
<td>1.6 – 1.7</td>
<td>9</td>
<td>267.83</td>
<td>6.2 – 6.3</td>
<td>30</td>
<td>3,040.36</td>
</tr>
<tr>
<td>1.8 – 1.9</td>
<td>10</td>
<td>310.33</td>
<td>6.4 – 6.6</td>
<td>31</td>
<td>3,147.54</td>
</tr>
<tr>
<td>2.0 – 2.1</td>
<td>11</td>
<td>402.73</td>
<td>6.7 – 6.8</td>
<td>32</td>
<td>3,254.72</td>
</tr>
<tr>
<td>2.2 – 2.3</td>
<td>12</td>
<td>495.13</td>
<td>6.9 – 7.1</td>
<td>33</td>
<td>3,361.91</td>
</tr>
<tr>
<td>2.4 – 2.5</td>
<td>13</td>
<td>587.40</td>
<td>7.2 – 7.3</td>
<td>34</td>
<td>3,469.09</td>
</tr>
<tr>
<td>2.6 – 2.7</td>
<td>14</td>
<td>679.80</td>
<td>7.4 – 7.6</td>
<td>35</td>
<td>3,576.28</td>
</tr>
<tr>
<td>2.8 – 3.0</td>
<td>15</td>
<td>772.20</td>
<td>7.7 – 7.8</td>
<td>36</td>
<td>3,683.46</td>
</tr>
<tr>
<td>3.1 – 3.2</td>
<td>16</td>
<td>1,011.38</td>
<td>7.9 – 8.1</td>
<td>37</td>
<td>3,790.64</td>
</tr>
<tr>
<td>3.3 – 3.4</td>
<td>17</td>
<td>1,250.96</td>
<td>8.2 – 8.3</td>
<td>38</td>
<td>3,897.83</td>
</tr>
<tr>
<td>3.5 – 3.6</td>
<td>18</td>
<td>1,490.28</td>
<td>8.4 – 8.6</td>
<td>39</td>
<td>4,005.01</td>
</tr>
<tr>
<td>3.7 – 3.9</td>
<td>19</td>
<td>1,729.20</td>
<td>8.7 – 8.8</td>
<td>40</td>
<td>4,112.20</td>
</tr>
<tr>
<td>4.0 – 4.1</td>
<td>20</td>
<td>1,968.52</td>
<td>8.9 – 9.1</td>
<td>41</td>
<td>4,219.38</td>
</tr>
<tr>
<td>4.2 – 4.3</td>
<td>21</td>
<td>2,075.70</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.4 – 4.6</td>
<td>22</td>
<td>2,182.88</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.7 – 4.8</td>
<td>23</td>
<td>2,290.07</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.9 – 5.0</td>
<td>24</td>
<td>2,397.25</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
As far as vehicles fitted with an LPG fuel system are concerned, the additional circulation tax (see amounts in point 8.1.7.) must be added to the amounts listed in the table above.

8.2. The tax on the entry into service (TES)

Preliminary remark:

As from 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.

As from 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. Taxable vehicles

The tax on the entry into service is levied on:
a. motor cars, twin-purpose vehicles, minibuses and motorcycles;
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. 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, 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.
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.

8.2.2. Exemptions

The exemptions 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.

8.2.3. Tax base

A. Walloon Region and Brussels-Capital Region

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.

B. Flemish Region

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 and environmental categories based on the Euro 0 to 6 standards. The presence of a particulate filter is also taken into consideration.

See Section “Rates” below.

For the other taxable vehicles, the same rules as in both other regions apply (see above).
Part II: Indirect taxation

8.2.4. 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.

A. Walloon Region and Brussels-Capital Region

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.
Part II: Indirect taxation

Taxes assimilated to income taxes

**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 with a fiscal horsepower 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 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)</td>
</tr>
</tbody>
</table>

(1) In the Flemish Region, this amount also applies to amateur-built aircrafts of natural persons, regardless of the age of the aircrafts.

| 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). |
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 B above).

### Example

<table>
<thead>
<tr>
<th>Description</th>
<th>Tax Calculation</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>
<td></td>
</tr>
</tbody>
</table>

### B. Flemish Region

In principle, the same rates as in both other regions apply.

However, 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 rates differ from those applicable in both other regions.

Those rates are clarified hereafter.

The TES is calculated according to the following formula:

$$\text{TES in euro} = \left( (\text{CO}_2 \times f + x) / 250 \right)^6 \times 4500 + c \times \text{ACF}$$

where:

- $\text{CO}_2$ = CO$_2$ 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 as well natural gas vehicles as petrol vehicles and insofar as they have been approved as petrol cars, and 1 for other vehicles;
- $x$ = CO$_2$ correction factor according to technological developments. The $x$ value for 2014 amounts to 9.0 g CO$_2$/km. This value is yearly increased by 4.5 g CO$_2$/km;
- $\text{ACF}$ = 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 $\text{ACF}$ value is calculated on the basis of the following table:
Part II: Indirect taxation

Taxes assimilated to income taxes

<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>108 full months or more</td>
<td>10%</td>
</tr>
</tbody>
</table>

\[ c = \text{fixed price (air component) depending on the Euro standard (that indicates the harmffulness of exhaust fumes) and the fuel type, as shown in the tables below:} \]

### Diesel

<table>
<thead>
<tr>
<th>Euro standard</th>
<th>Amounts in euro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Euro 0</td>
<td>2,223.94</td>
</tr>
<tr>
<td>Euro 1</td>
<td>652.47</td>
</tr>
<tr>
<td>Euro 2</td>
<td>473.30</td>
</tr>
<tr>
<td>Euro 3</td>
<td>372.93</td>
</tr>
<tr>
<td>Euro 3 + particulate filter</td>
<td>352.49</td>
</tr>
<tr>
<td>Euro 4</td>
<td>352.49</td>
</tr>
<tr>
<td>Euro 4 + particulate filter</td>
<td>346.50</td>
</tr>
<tr>
<td>Euro 5</td>
<td>346.50</td>
</tr>
<tr>
<td>Euro 6</td>
<td>12.79</td>
</tr>
</tbody>
</table>

### Petrol, LPG and natural gas

<table>
<thead>
<tr>
<th>Euro standard</th>
<th>Amounts in euro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Euro 0</td>
<td>884.54</td>
</tr>
<tr>
<td>Euro 1</td>
<td>395.58</td>
</tr>
<tr>
<td>Euro 2</td>
<td>118.29</td>
</tr>
<tr>
<td>Euro 3</td>
<td>74.21</td>
</tr>
<tr>
<td>Euro 4</td>
<td>17.81</td>
</tr>
<tr>
<td>Euro 5</td>
<td>16.02</td>
</tr>
<tr>
<td>Euro 6</td>
<td>16.02</td>
</tr>
</tbody>
</table>

The TES cannot be lower than 41.76 euro and higher than 10,439.45 euro. The TES relating to vehicles put into service for the first time at least 25 years ago, is equal to a lump sum amount of 41.76 euro.

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.

Vehicles exclusively powered by an electric engine or by hydrogen, and plug-in hybrids are not liable to the TES. 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.
Examples

1. A diesel vehicle meeting the Euro 5 standard and with \(\text{CO}_2\) emissions of 104 g/km, is put into service for the first time on 1 October 2014. The TES amounts to 384.89 euro.

2. A diesel vehicle is put into service again by a natural person on 1 October 2014. It has the following characteristics: the vehicle was put into service for the first time on 12 July 2011, it meets the Euro 5 standard and its \(\text{CO}_2\) emissions are equal to 104 g/km. The TES amounts to 269.42 euro.

3. A petrol vehicle meeting the Euro 5 standard and with \(\text{CO}_2\) emissions of 134 g/km, is put into service for the first time on 1 October 2014. The TES amounts to 173.61 euro.

4. A petrol vehicle is put into service again by a natural person on 1 October 2014. It has the following characteristics: the vehicle was put into service for the first time on 12 July 2011, it meets the Euro 5 standard and its \(\text{CO}_2\) emissions are equal to 134 g/km. The TES amounts to 121.53 euro.

8.2.5. 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 levied in addition to the TES. 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 \(\text{CO}_2\) emission in g/km as fixed according to Directive 80/1268/EEC and is set out in Table I hereafter.

<table>
<thead>
<tr>
<th>(\text{CO}_2) 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>
<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 25 years and which holds the special number plate (vehicles referred to in article 2, §2, paragraph 2, 7°, of the Royal Decree of 15 March 1968 laying down general rules for the technical conditions which must be met by motor vehicles, their trailers, components and security accessories).

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.
8.3. The Eurovignette

This Eurovignette is laid down by the Law of December 27th, 1994, approving the Treaty concerning the levy of duties for the use of certain roads by heavy lorries, signed at Brussels on February 9th, 1994, by the Governments of the Kingdom of Belgium, the Kingdom of Denmark, the Federal Republic of Germany, the Grand Duchy of Luxembourg and the Kingdom of the Netherlands, and introducing a “Eurovignette” pursuant to Council Directive 93/89/EEC of the European Community of October 25th, 1993, and by the decrees issued for its implementation. As regards the Eurovignette, which falls within the competence of the Flemish Region, the provisions specified in the “Vlaamse Codex Fiscaliteit” (Flemish Tax Code) apply.

Preliminary remark:

As from 1 January 2011, only the Flemish Region is competent to service the Eurovignette for natural persons domiciled therein or legal persons having their registered office there.

As from 1 January 2014, only the Walloon Region is competent to service the Eurovignette 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.

8.3.1. Definition

The Eurovignette is a tax assimilated to income taxes which is levied as a duty for the use of the road network.

8.3.2. Taxable vehicles

The Eurovignette is levied on the vehicles engaged in or exclusively used for road transport of goods, and of which maximum authorised mass is 12 tons at least.

The Eurovignette is due:

– for vehicles which are or must be registered in Belgium: as from the very moment they use a public highway;

– for other vehicles subjected to the tax: as soon as they are travelling on the road system specified by the King (see Royal Decree of September 8th, 1997 specifying the road system where the Eurovignette is applicable).
8.3.3. Exempted vehicles

The following are exempted:

- vehicles which are destined exclusively for purposes of national defence, civilian protection, intervention in disasters, fire service and other aid services, services for the maintenance of law and order for road maintenance and management, and which are identified as such;
- provided certain conditions are met, vehicles registered in Belgium, which travel only now and then on the public highway in Belgium and are used by natural or legal persons whose main activity is not the transport of goods. For the Flemish Region, this exemption is further detailed in art. 2.4.6.0.1, § 2, of the “Vlaamse Codex Fiscaliteit”.

8.3.4. Rates

Rates in euro:

<table>
<thead>
<tr>
<th>Country of registration</th>
<th>Annually</th>
<th>Quarterly (*)</th>
<th>Monthly</th>
<th>Weekly</th>
<th>Daily</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>≤ 3 axles</td>
<td>≥ 4 axles</td>
<td>≤ 3 axles</td>
<td>≥ 4 axles</td>
<td>≤ 3 axles</td>
</tr>
<tr>
<td>Belgium</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- emission norm non-EURO</td>
<td>960</td>
<td>1,550</td>
<td>288</td>
<td>465</td>
<td>-</td>
</tr>
<tr>
<td>- emission norm EURO I</td>
<td>850</td>
<td>1,400</td>
<td>255</td>
<td>420</td>
<td>-</td>
</tr>
<tr>
<td>- emission norm EURO II</td>
<td>750</td>
<td>1,250</td>
<td>225</td>
<td>375</td>
<td>-</td>
</tr>
<tr>
<td>and cleaner</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. All other countries</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Vehicles covered by a</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Belgian trader’s number plate or a temporary number plate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- emission norm non-EURO</td>
<td>960</td>
<td>1,550</td>
<td>-</td>
<td>-</td>
<td>96</td>
</tr>
<tr>
<td>- emission norm EURO I</td>
<td>850</td>
<td>1,400</td>
<td>-</td>
<td>-</td>
<td>85</td>
</tr>
<tr>
<td>- emission norm EURO II</td>
<td>750</td>
<td>1,250</td>
<td>-</td>
<td>-</td>
<td>75</td>
</tr>
<tr>
<td>and cleaner</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(*) It is in fact a payment term of the annual rate; the amount is equal to three times the amount of the monthly rate.
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 abroad IN the EEA</td>
<td>Actual gross margin realised upon the bet or the gamble</td>
<td>15%</td>
</tr>
<tr>
<td>Bets on horse-races, dog-races and sporting events taking place abroad OUTSIDE the EEA</td>
<td>Gross amount of the sums or stakes involved</td>
<td>15%</td>
</tr>
<tr>
<td>Bets on horse-races, dog-races and sporting events taking place in Belgium</td>
<td>Actual gross margin realised upon the bet or the gamble</td>
<td>15%</td>
</tr>
<tr>
<td>Betting and gambling in casinos - baccara “chemin de fer” - roulette without zero</td>
<td>Bankers’ winnings, Punters’ winnings</td>
<td>5.3%</td>
</tr>
<tr>
<td>Other casino games</td>
<td>Gross gaming proceeds: Up to € 865,000 More than € 865,000</td>
<td>33%</td>
</tr>
<tr>
<td>Gaming machines assimilated to casino games, simultaneously operated by the organiser of casino games</td>
<td>Gross gaming proceeds: € 0 - € 1,200,000,00 € 1,200,000 - € 2,450,000 € 2,450,000 - € 3,700,000 € 3,700,000 - € 6,150,000 € 6,150,000 - € 8,650,000 € 8,650,000 - € 12,350,000 € 12,350,000 and more</td>
<td>20%</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

As from 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 - Card games except black-jack and texas hold’em poker and games using - even occasionally - dice or dominoes - roulette without zero</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>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 € 1,200,000.01 to € 2,450,000.00</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>from € 2,450,000.01 to € 3,700,000.00</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>from € 3,700,000.01 to € 6,150,000.00</td>
<td>35%</td>
<td></td>
</tr>
<tr>
<td>from € 6,150,000.01 to € 8,650,000.00</td>
<td>40%</td>
<td></td>
</tr>
<tr>
<td>from € 8,650,000.01 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: until € 1,360,000.00</td>
<td>33%</td>
</tr>
<tr>
<td></td>
<td>€ 1,360,000.01 and more</td>
<td>44%</td>
</tr>
<tr>
<td>Other casino games</td>
<td>Gross gaming proceeds: until € 1,360,000.00</td>
<td>33%</td>
</tr>
<tr>
<td></td>
<td>€ 1,360,000.01 and more</td>
<td>44%</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 (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 abroad IN the EEA</td>
<td>Actual gross margin realised upon the bet or the gamble</td>
<td>15%</td>
</tr>
<tr>
<td>Bets on horse-races, dog-races and sporting events taking place abroad OUTSIDE the EEA</td>
<td>Actual gross margin realised upon the bet or the gamble</td>
<td>15%</td>
</tr>
<tr>
<td>Bets on horse-races, dog-races and sporting events taking place in Belgium</td>
<td>Actual gross margin realised upon the bet or the gamble</td>
<td>15%</td>
</tr>
<tr>
<td>Betting and gambling in casinos - baccara “chemin de fer” - roulette without zero</td>
<td>Bankers’ winnings</td>
<td>4.8%</td>
</tr>
<tr>
<td></td>
<td>Punters’ winnings</td>
<td>2.75%</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>€1,200,001 - €2,450,000</td>
<td>25%</td>
</tr>
<tr>
<td></td>
<td>€2,450,001 - €3,700,000</td>
<td>30%</td>
</tr>
<tr>
<td></td>
<td>€3,700,001 - €6,150,000</td>
<td>35%</td>
</tr>
<tr>
<td></td>
<td>€6,150,001 - €8,650,000</td>
<td>40%</td>
</tr>
<tr>
<td></td>
<td>€8,650,001 - €12,350,000</td>
<td>45%</td>
</tr>
<tr>
<td></td>
<td>€12,350,001 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

8.5. Automatic gaming machine licence duty

As from 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. The classification of the machines in those categories can vary depending on the region. 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>3,047.76</td>
<td>4,633.10</td>
</tr>
<tr>
<td>B</td>
<td>1,290.00</td>
<td>1,213.82</td>
<td>1,340.10</td>
</tr>
<tr>
<td>C</td>
<td>350.00</td>
<td>386.22</td>
<td>363.60</td>
</tr>
<tr>
<td>D</td>
<td>250.00</td>
<td>275.87</td>
<td>259.70</td>
</tr>
<tr>
<td>E</td>
<td>150.00</td>
<td>165.52</td>
<td>155.90</td>
</tr>
</tbody>
</table>

8.6. Tax on employee equity participation and employee participation in profits and enterprise results

This tax (153), chargeable to employees, is levied on their participation in the equity capital or profits, in accordance with the Act of May 22nd, 2001 bearing provisions related to employee equity participation and employee participation in profits and enterprise results. 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 participation in profits: the amount paid out cash in accordance with the participation scheme (after deduction of social security contributions);

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.

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153 See also annex 1 to chapter 2 of part I.

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

October 2014 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 participation in profits which are subject of an investment savings scheme; in both cases, the “base tax” is first deducted (Art. 114 CTA).

The rates of the **tax** (“base tax”) are:
- 15% for equity participations;
- 15% for participations in profits attributed in the framework of an investment savings scheme which are the subject of a non-subordinated loan;
- 25% for participations in profits that are not chargeable at the 15% rate.

The rate of the **supplementary tax** is 23.29%.
Person responsible at law: Jozef KORTLEVEN
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Boulevard du Roi Albert II, 33
1030 Brussels
Belgium