



Federal
Public Service
FINANCE

Investment deduction



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1. Who can benefit from the investment deduction?

Industrial, commercial or agricultural companies (exploited by a natural person or a company) and practitioners of "liberal professions" are entitled to claim such investment deduction.

2. Which investments are eligible?

The investments should pertain to:

- depreciable tangible or intangible fixed assets,
- that are newly acquired or achieved,
- during the calendar year or tax year,
- and used in Belgium for professional activities.

The investments may not be explicitly excluded by the law (see point 3).

3. Which investments are excluded from the deduction?

Fixed assets:

- that are not solely used for professional activities
- that are not depreciated or which are depreciable in less than three tax periods
- that are acquired or achieved when the right of use of such assets is carried forward to a third party by means of a lease agreement or an emphyteusis or building agreement or any other similar land right, in cases where those fixed assets can be depreciated by the company that has obtained the right
- when the right of use is carried forward to another taxable person in another manner than described above. However, the said fixed assets are eligible in case of a transfer to a natural person or company that uses those fixed assets in Belgium in order to gain profits or benefits and that does not proceed to a complete or partial transfer of the right of use of such assets to a third party (it should be noted that the said natural person or company must meet the conditions, criteria and limits for the application of the investment deduction at the rate of the same percentage or higher).

This exclusion does not apply to certain audio-visual products, the distribution rights of which - with the exception of all other rights - are temporarily carried forward to third parties with a view of transmitting those products abroad.

Are also excluded:

- private cars and dual-purpose cars, as described in the regulations on the registration of motor vehicles, including light trucks referred to in Article 4 (3) of the Belgian Income Tax Code assimilated to income taxes (however, this exclusion does not apply to vehicles solely used for taxi services or for rental services involving a driver

and exempted from road tax on motor vehicles on that basis, and neither does it apply to vehicles that are solely used for practical training in approved driving schools and that are equipped for that purpose);

- charges in addition to the acquisition price and indirect manufacturing costs if these are not depreciated along with the fixed assets they relate to
- investments achieved by taxable persons that are assessed on a fixed basis in which the depreciations are included on a flat-rate basis (except for energy efficient investments for which no financial support is provided by the authorities).

4. How much is the deductible part?

Investments made during the tax period related to income year 2014 (tax year 2015) and meeting the legal conditions, give right to an investment deduction which equals:

A. Natural persons:

- 13.5% for patents, energy efficient investments, environmental friendly investments for research and development and smoke exhaust and aeration systems in the hotel and catering industry;
- 20.5% for investments in security;
- 3.5% for other investments.

B. Companies:

1. All companies:

- 13.5% for patents (*), energy efficient investments, environmental friendly investments for research and development (*) and smoke exhaust and aeration systems in the hotel and catering industry

(*) Except if the company opted for the "investigation and development tax credit".

- 3% for investments encouraging the reuse of packaging materials for beverages and industrial products
2. Companies referred to in Art. 201, first section, 1° of the Belgian Income Tax Code 1992:
 - 20.5% for investments in security
 3. Companies referred to in Art. 15 of the Belgian Corporation Code:
 - 20.5% for investments in security
 - 4% for investments other than those mentioned under B,1 and B,3, first dash and B,4 made during the years 2014 or 2015 (only applicable if the company irrevocably waived the notional interest deduction referred to in Article 205bis up to 205novies of the Belgian Income Tax Code 1992. The investments must be directly related to the actual economic activity of the company.)
 4. Belgian companies only receiving profits from navigation:
 - 30% for investments in seagoing vessels.

5. What is the basis for the calculation of the investment deduction?

The investment deduction is calculated on the basis of the acquisition or investment value of the fixed assets which also is the basis for the calculation of the depreciations (see, however, point 9 regarding the spread deduction).

6. How is the investment deduction applied?

The investment deduction is applied to the profits or benefits of the tax period in which you acquired or achieved the aforementioned fixed assets.

As to all aforementioned investments, some taxpayers may spread the investment deduction over the duration of the depreciation period of the investments. This spread deduction system is handled in point 9.

The deduction is applicable:

- preceding the charge of any losses from other professional activities if you are subject to personal income tax
- in the very last place, so subsequent to any other deductions, if you are subject to corporate income tax

In the event of insufficient profits or benefits for a tax period, the deduction is carried forward to subsequent tax periods without any time limit.

The deduction of the exemption on the profits or benefits of each of the following tax periods, which is carried forward, is limited to 943,760 Euro (*) per tax period or, when the total amount of the exemption carried forward exceeds 3,775,060 Euro (*) at the end of the previous tax period, up to 25% of that total amount.

Yet, as for the investment deduction of 4% (see question 4, B, 3, second dash), the deduction that is not applicable due to insufficient profits or benefits, can only be carried forward to the next tax period.

(*) Indexed amounts applicable for tax year 2015 (income year 2014).

7. Which formalities must be complied with?

Natural persons must complete, date and sign a form 276U (available as from April 2015 on www.myminf.be) and enclose it with their personal income tax return or keep it at the disposal of the administration.

Companies must complete box 275U in Biztax when filing their corporate income tax return.

In case of exemption from the obligation to file electronic returns, companies must use form 275U (as from May 2015 available on www.myminf.be).

Furthermore, a statement per category of fixed assets must be kept available for the administration, including the following elements for each of the assets:

- the date of the acquisition or achievement
- the exact denomination
- the acquisition or investment value
- the normal time of use and the depreciation period

when appropriate, you must also keep the following documents available:

- the copies and proofs required for patents
- the certificate required for energy efficient investments (see point 8);
- the various documents required (request for approval, justification, certificate of the competent regional authorities (see point 8), etc.), for environmental friendly investments for research and development.

8. Application procedure for certificates

I. Energy efficient investments

The certificates regarding energy efficient investments can be requested from the following departments, depending on the place where the investment is established.

- **Flemish Region**

Flemish government
Flemish Energy Agency
Graaf de Ferraris building
Koning Albert II-laan 20 PO box 17
1000 Brussels
Tel.: +32 2 553 46 00
Fax: +32 2 553 46 01
www.energiesparen.be

- **Walloon Region**

Walloon Public Service
Operational Directorate-General for land-use planning,
housing, heritage and energy
Department for Energy and Sustainable building
Chaussée de Liège 140-142
5100 Jambes
Tel.: +32 81 48 63 35
Fax: +32 81 48 63 03
www.energie.wallonie.be

- **Brussels Capital Region**
Avenue du Port 86c/3000
1000 Brussels
Tel.: +32 2 775 75 75
Fax: + 32 2 775 76 21
www.environnement.brussels

II. Environmental friendly investments for research and development

The certificates regarding environmental friendly investments can be requested from the following departments, depending on the place where the investment is established:

- **Flemish Region**
Flemish government
Department for Environment, Nature and Energy, Environmental Integration and Subsidies
Graaf de Ferraris building
Koning Albert II-laan 20 PO box 8
1000 Brussels
Tel.: +32 2 553 03 11
Fax: +32 2 553 80 55
www.lne.be
- **Walloon Region**
Walloon public service
Operational Directorate-General for Agriculture, Natural Resources and the Environment
Chaussée de Louvain 14
5000 Namur
Tel.: +32 81 64 96 87

Fax: +32 81 64 95 33
www.environnement.wallonie.be

- Brussels Capital Region
Avenue du Port 86c/3000
1000 Brussels
Tel.: +32 2 775 75 75
Fax: + 32 2 775 76 21
www.environnement.brussels

9. Spread deduction system

Natural persons employing fewer than 20 staff on the first day of the tax period in which the assets were acquired or achieved, have the possibility to spread the investment deduction over the duration of the depreciation period of the said assets.

In that case, the deduction for the assets acquired or achieved during the tax period associated with tax year 2015 (income year 2014) is uniformly determined at 10.5% and calculated on the depreciations adopted for each tax period falling in the depreciation period.

However, the percentage of the spread investment deduction equals 20.5% for environmental friendly investments for research and development achieved during the same tax period, either by natural persons or by companies (except for cases where the company opted for the "research and development tax credit").

As for those last-mentioned cases, the spread investment deduction can be applied irrespective of the number of staff employed.

10. Legal stipulations

- Articles 68 up to 77 and 201 of the Belgian Income Tax Code 1992.
- Articles 47 up to 49bis of the Royal Decree enforcing the Income Tax Code 1992.

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Federal Public Service Finance

Infopunt publicaties (information point for publications)

Finance Tower

Kruidtuinlaan 50

1000 Brussels (Belgium)

+32 257 638 60

info.pub@minfin.fed.be

More information can be obtained from:

Contact center

of the Federal Public Service Finance

+32 257 257 57 (regular tariff)

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