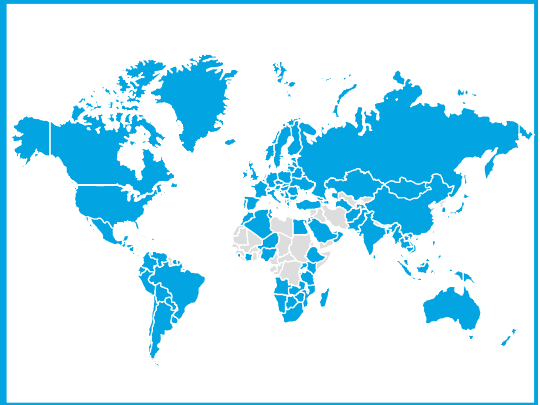


INPATRIATES

Belgium

Tax facts for international assignees



INCOME TAX: WHO IS LIABLE/RESIDENCY

An individual is considered a resident in Belgium if his/her main home or center of economic interests is located in Belgium. Individuals who are registered at a Belgian commune are considered Belgian residents (refutable presumption). An irrefutable presumption exists for married persons if their household is established in Belgium.

A Belgian resident is taxed on his/her worldwide income.

Three types of non-resident tax payers exist each with their own entitlements to personal tax reductions.

Non-residents assigned or transferred to Belgium can benefit from the special tax status for foreign executives, provided that several conditions are met. If the expatriate status is granted by the tax authorities, the expat is considered a non-resident of Belgium for income tax purposes. In addition, an expatriate may receive tax free allowances (maximum 11,250 EUR (or exceptionally 29,750 EUR for R&D functions, managers working in "coordination centers")) for e.g. cost of living, housing differential and tax equalization. Since the qualifying expatriate is treated as a non-resident, his foreign-sourced income is not taxed in Belgium. Earned income connected to an activity that is carried out outside Belgium is therefore not taxed (i.e. travel exclusion).

Foreign nationals who do not qualify for the special tax status and who perform duties outside Belgium, could consider implementing a salary split structure.

Deferred compensation schemes can be set up subject to certain conditions. Stock options offered by a foreign employer are, subject to certain conditions, taxable at grant in Belgium. Tax planning therefore is possible.

When the salary is paid by a foreign employer without Belgian establishment in Belgium, most often no obligation to withhold professional withholding taxes exists. However, recent legislation has imposed a withholding tax obligation on Belgian subsidiaries when their employees receive a benefit from a foreign group entity, e.g. as part of a LTIP in cash or equity based.

Belgian residents need to report foreign bank accounts, foreign life insurance and certain foreign legal constructions held outside Belgium in their resident tax return. A separate reporting of foreign bank accounts with the National Bank is also required.

As of income year 2014, the Belgian Federal State has transferred certain parts of its powers of taxation to the different Regions (Flanders, Walloon Region and Brussels) which results in a different tax treatment depending on the region the tax payer is linked to.

INCOME TAX RATES

Actual tax brackets (EUR)	Historical tax brackets* (EUR)	Tax rates (%)
0 - 13.250	0 - 8.120	25
13.250 - 23.390	8.120 - 13.940	40
23.390 - 40.480	13.940 - 24.800	45
over 40.480	over - 24.800	50

* Not adjusted for cost of living index

Progressive income tax rates up to 50% apply. On top, communal taxes (7% for non-residents) are due. Belgium has a favorable taxation regime for some benefits in kind (e.g. free housing, company car, qualifying stock options, utilities, ...).

The Belgian tax law offers tax exemptions/reductions to dependent persons and/or children. The tax law offers tax deductions for mortgage and investment interest paid as well as for charitable donations to qualifying charities.

As of assessment year 2018 (2017 income year), the tax advantages granted by the federal government are to be prorated in case the income period does not match with the full calendar year. As a result, a person who moves to Belgium and establishes residency on September 1st will only be entitled to 4/12 of the maximum exempt income amounts (e.g. for children at charge), deductions (e.g. lumpsum professional expenses) and tax reductions (e.g. for contributions to a pension saving plan).

Generally, Belgian bank account interest and dividends are taxed at 30%. A limited exemption is available for interest received on a Belgian savings account, as well as for dividends.

There are no wealth taxes in Belgium.

SOCIAL SECURITY TAX RATES

An employee is, in principle, liable to pay social security contributions as a percentage of the gross remuneration. The rate is 13.07% of the gross salary. Compulsory employee social security contributions are tax deductible.

Employer social security contributions are about 29% uncapped, but some reductions may apply. All employees (subject to Belgian social security contributions) are subject to a special social security contribution of maximum 731.28 EUR per year.

REGISTRATION/FORMALITIES

The employers of non-EU nationals are usually required to apply for a work permit prior to the employee taking up employment in Belgium.

A residence permit must also be obtained to allow the expatriate to live in Belgium. Where the expatriate's spouse and family relocate to Belgium, relevant visas and separate work permits (where the spouse will also work) will be required. Where the in-patriate is an EU national the above procedure is not required. Recently, the Belgian authorities introduced the concept of the 'single permit', replacing the separate work and residency permits.

In principle, the Belgian resident tax filing deadline is June 30 of the year following the income year. For non-residents, it's mostly in the last quarter of the year following the income year.

If applicable, an A1 document or Certificate of Coverage should be applied for when the assignee remains subject to a foreign social security scheme.

An European Health Insurance Card (former E111 form) should be applied for at the sickness fund of the assignee's home country to be able to receive medical care in Belgium and get a (partly) refund of the medical costs depending on the health charges.

LIMOSA registration formalities need to be complied with for in-pats working in Belgium under certain conditions (exceptions exist).

Registration at the communal register is required upon arrival.

Non-residents who need to file a Belgian tax return for the first time may need to submit a formal request to be provided with a tax form.

For further information and to register for future updates contact expat@bdo.global

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