

EXPATRIATES

Belgium

Tax facts for International Assignees



INCOME TAX: WHO IS LIABLE

According to the Belgian income tax code, any individual who has (1) his/her main home in Belgium, or (2) when not having a main home, the seat of fortune in Belgium, is treated as a tax resident of Belgium. These key factors are determined based on the factual circumstances. Furthermore, a person registered at a Belgian commune is deemed to be a Belgian resident (refutable presumption). In addition, for married and legally co-habitant taxpayers, there is an irrefutable presumption that the place of tax residency is based on the place where the family is situated.

If you are not considered to be a Belgian resident under the conditions, Belgium will consider you to be a non-resident. In principle, any non-resident who has received income of Belgian origin, must file a non-resident tax return. This could be salary, pension or rental income, for example. Whether tax is effectively due in Belgium depends on the type of income, your personal situation and the country where you are seen as a tax resident.

Belgium has concluded double taxation treaties with around 100 countries to avoid possible double taxation. It is, therefore, possible that a double taxation treaty allocates the taxing rights of Belgian income to the state where an individual is seen as a tax resident. In such cases, the Belgian non-resident will not have to declare the Belgian income in his non-resident tax return.

The filing deadline for the Belgian non-resident income tax return usually takes place in the last quarter of the year following the taxable year.

BREAKING RESIDENCY - EXIT PROCEDURES

When a Belgian resident decides to permanently leave Belgium, he should deregister him/herself at the local commune.

It is also important to note that the Belgian tax authorities are often of the opinion that a Belgian taxpayer can only break tax residency, if the individual has a fixed and continuous stay abroad for at least 24 months.

Thereafter, they will have to file a 'special tax return' that allows them to declare their income for the year of the departure (from 1 January to the day of the departure). This special tax return must be filed no later than 3 months after the departure.

INCOME TAX RATES

Historical tax brackets (EUR) 2022	Actual tax brackets (EUR) 2023	Tax rates (%)
0 - 13,870	0 - 15,200	25
13,870 - 24,480	15,200 - 26,830	40
24,480 - 42,370	26,830 - 46,440	45
over 42,370	over 46,440	50

Progressive income tax rates rise to 50%. For non-residents, communal taxes at a flat rate of 7% are due on top of the progressive income tax rates. Belgium has a favourable taxation regime for some benefits in kind (e.g., free housing, company car, qualifying stock options, utilities, etc.). The tax brackets are applicable to net taxable income after the deduction of social security and professional expenses.

According to the Belgian tax law, three types of non-resident taxpayers exist each with their own entitlements to personal tax exemptions and deductions (e.g., dependent children, pension saving contributions, etc.).

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 permanently leaves Belgium on September 1st will only be entitled to 8/12 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) when filing their special tax return.

SOCIAL SECURITY TAX RATES

An employee is, in principle, liable to pay social security contributions as a percentage of the gross remuneration. The rate of these employee contributions is 13,07% of the gross salary. Compulsory employee social security contributions are tax deductible.

Employer social security contributions varies around 27% uncapped, but some reductions may apply. These employer social security contributions are tax deductible in determining taxable income.

All employees (subject to Belgian social security contributions) are subject to a special social security contribution. The amount of this contribution varies between 9.30 EUR and 60.94 EUR per month. The maximum amount due by a family on a yearly basis amounts to 731.28 EUR. This special social security contribution is not tax deductible.

REGISTRATION/FORMALITIES

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

A European Health Insurance Card (former E111 form) should be applied for at the sickness fund to be able to receive medical care and get a (partly) refund of the medical costs depending on the health charges.

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

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