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# History

Just a little...

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## Throwback

### **1983**

- Belgian special tax status for foreign executives
  - Not embedded in Belgian legislation
  - Circular letter (administrative guideline) of August 8<sup>th</sup>, 1983
  - Make Belgium attractive for foreign investment
  - Almost 40 years untouched and without major controversy

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## Throwback

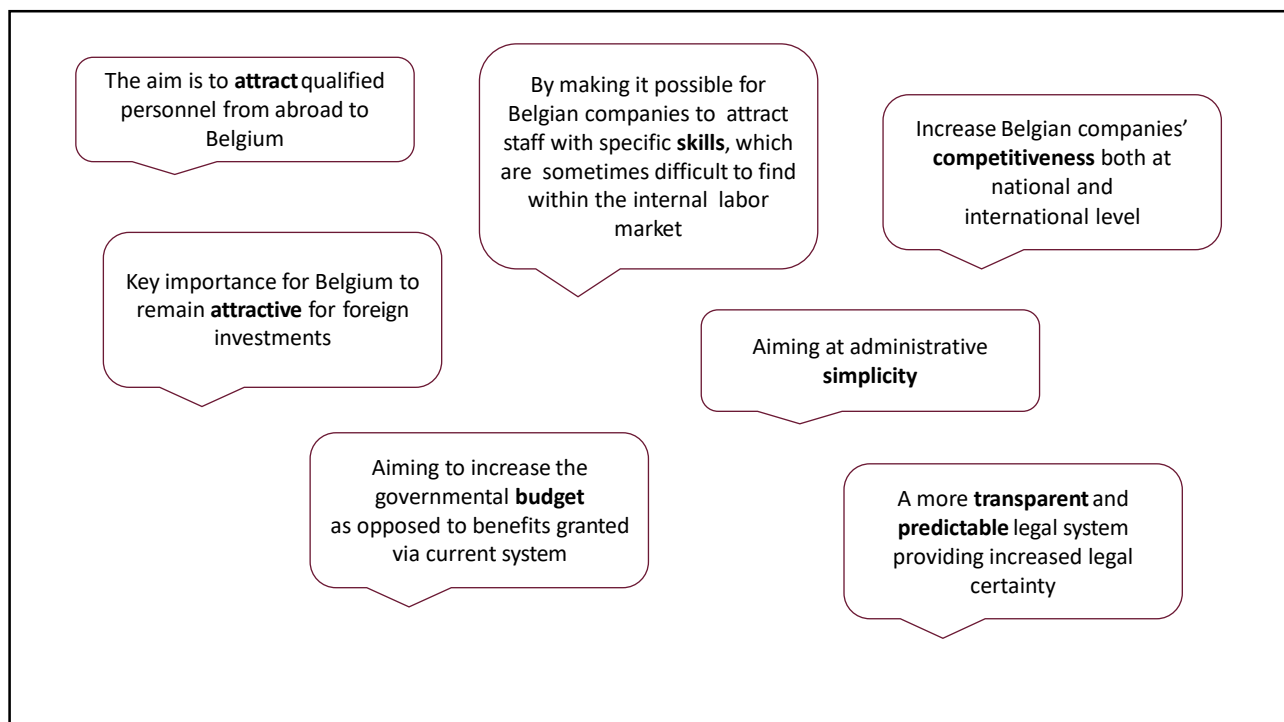
### 2002

- Investigation by the Report of Court of Accounts with following recommendations a.o.:
  - Limitation in time and on travel exclusion percentage
  - More frequently audits on conditions fulfillment and on foreign business days
  - Increase of exchange of information with foreign authorities

### 2022

- Introduction of a new special tax regime for inbound taxpayers and inbound researchers
- Fade-out of existing special tax regime

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# New tax regime

Eligibility

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## Eligibility

### Special Tax Regime for foreign executives

- Belgian company or establishment belonging to international group
- Managerial function or highly qualified specialist
- Recruited or assigned from outside of Belgium

### Special Tax Regime for inbound taxpayers and inbound researchers

- Employer belonging to international group (exception for researchers)
- Minimum salary threshold: compensation of more than €75k (exception for researchers)

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## Eligibility

- |   |  |
|---|--|
| <ul style="list-style-type: none"><li>• Both employees &amp; self-employed directors</li><li>• Balance of centre of personal and economic links and interests should be higher in home country as compared to Belgium</li></ul> | <ul style="list-style-type: none"><li>• Employee &amp; self-employed directors holding a mandate</li><li>• During the last 60 months before the start of employment in Belgium:<ul style="list-style-type: none"><li>• Not having been a Belgian tax resident and not having subject to Belgian non-residence tax on professional income in Belgium</li><li>• Living at least 150 km from the Belgian border</li></ul></li></ul> |
|---|--|

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## Eligibility

- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>• No Belgian nationality</li><li>• Temporary nature of employment in Belgium</li></ul> | <ul style="list-style-type: none"><li>• Belgian nationals may qualify</li><li>• Maximum duration of 8 years (5 years + 3-year extension)</li></ul> |
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# New tax regime

Tax concessions

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## Tax concessions

### Special Tax Regime for foreign executives

- Deemed Belgian non-residency (reporting of Belgian source income only)
- Tax-free allowances up to €11.250 or €29.750 (for recognized R&D or coordination centers) also exempt from social security

### Special Tax Regime for inbound taxpayers and inbound researchers

- Belgian tax residency (reporting of worldwide income) unless non-resident under double tax treaty provisions
- The employer may pay an additional tax-free cost proper to the employer of 30% (capped at €90 k) on top of the agreed compensation

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## Tax concessions

- Travel exclusion limiting taxation to Belgian working days only (not exempt from social security)
- School fees, moving expenses, settling-in, etc. can be paid/reimbursed tax-free on top
- The payment of school fees and certain relocation/settling-in expenses paid by the employer would continue to be tax exempt, subject to conditions

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## New tax regime

Application

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# Application

## Special Tax Regime for foreign executives

- By the end of the 6<sup>th</sup> month after start date of employment in Belgium
- Approval tacitly renewed but communication required on structural changes to personal and/or employment situation

## Special Tax Regime for inbound taxpayers and inbound researchers

- Within 3 months after start of employment in Belgium
- Additional application to be filed for 3-year extension within 3 months after expiring of initial 5-year period

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# Application

- Employers required to provide an annual listing of beneficiaries to the tax authorities by 31 January of the following year
- Change of employer is possible

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# New tax regime

€75k threshold

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## €75k threshold

- Which elements are **included**?
  - Base salary (incl. vacation pay & 13th month)
  - Benefits in kind
  - Variable pay
- Which elements are **excluded**?
  - Reimbursement of costs proper to employer to cover recurring expenses linked to the employment in Belgium (i.e. 30%); other (i.e. school fees, housing, settling-in) likely to be excluded as well
  - Severance payment, replacement income
  - Other costs proper to the employer

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## €75k threshold

- The €75k threshold can be **pro-rated** (on a daily basis) if not working full year in Belgium (arrival, departure, longer term absence).
- The annual gross compensation of more than €75k should be met at the **start of the employment** and verified by the authorities at the end of each calendar year for activities performed in Belgium.
- The threshold may be **indexed** each 3 years and firstly as of 2024.

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## New tax regime

30% Cost Proper to Employer

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## 30% Cost Proper to Employer

- On top of the compensation, a lump-sum amount corresponding to 30% of the base compensation is accepted as **cost proper to the employer**.
- The lump-sum is deemed to cover **recurring expenses** made by the taxpayer by virtue of employment or assignment/transfer (such as additional cost of housing, cost of living, home leaves for family or at occasion of special personal event).
- The amount that is accepted as costs proper to the employer is **limited** to €90k per year (no need to pro-rate).

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## 30% Cost Proper to Employer

The following costs are also considered as cost proper to the employer, in addition to the 30%:

- costs arising from the **relocation** of the incoming taxpayer to Belgium
- costs related to **furnishing** the home in Belgium incurred in the first six months after arrival in Belgium
- the **school fees** for the children of the incoming taxpayer or his/her partner who move with their parents or one of them, if they are of compulsory school age according to Belgian law in a private school or an international school

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# New tax regime

Researchers

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## Researchers

- Each employee who, alone or in a group, exclusively or mainly carries out **research activities** of a scientific, fundamental, industrial or technical character, within a laboratory or an enterprise carrying out one or more programs of research and development (at least **80 percent** of the working time).
- The exemption from the minimum salary requirement is driven by the need to have a certain **diploma** or at least **10 years of relevant experience**.
- The list of **qualifying diplomas** provided in the explanatory notes to the law.

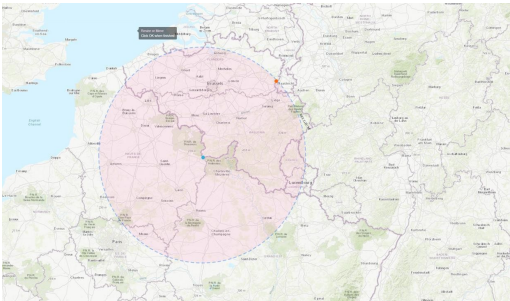
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# New tax regime

150 km limitation

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## 150 km limitation

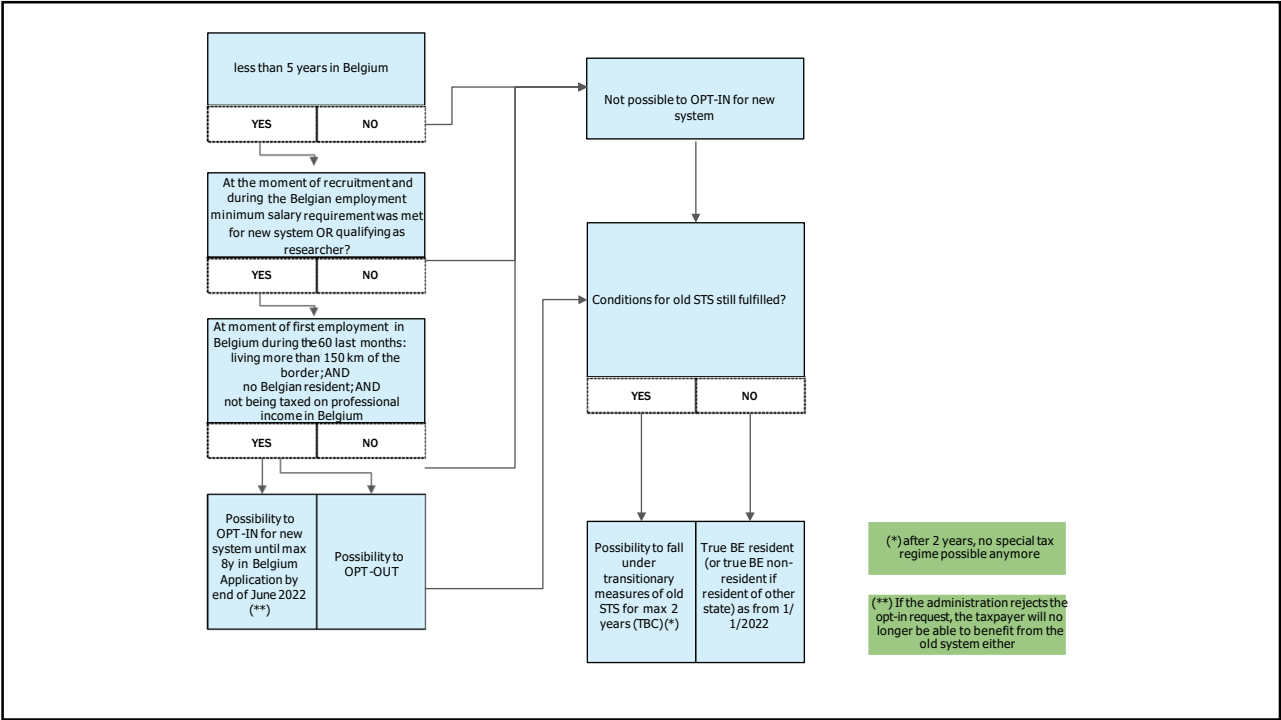


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# New tax regime

## Transitional measures

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DWMC Dear  
Willez  
Masson  
Costantini

Thank you!



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