

November 4, 2013
2013-147

**Belgium – Guidance
Issued on Per Diems for
Short-Term Assignments**

by Véronique Tilmant, KPMG
Tax and Legal Advisers,
Brussels (KPMG Tax and Legal
Advisers in Belgium is a KPMG
International member firm)

flash International Executive Alert

A Publication for Global Mobility and Tax Professionals by KPMG's International Executive Services Practice

In a recent circular letter,¹ the Belgian tax authorities have clarified the conditions and circumstances where daily allowances provided to employees or company directors on *business trips abroad longer than 30 days* may be considered as tax-free reimbursement of costs attributable to the employer.

Circular Confirms Existing Ruling Practice

The conditions mentioned in the new circular are similar to those provided in previous advances rulings:

- Amounts granted must correspond to those provided by the Ministry of Foreign Affairs to its civil servants located abroad²;
- Daily allowances are paid during a maximum period of 24 months;
- Payment is discontinued in case of definitive establishment of the employee/director abroad.

Furthermore, the allowances may not be combined with the additional "special costs deduction" provided for by the ABOS/AGCD circular of 1992 for individuals performing professional activities outside Europe in a country with which Belgium has no double taxation treaty.

Circular Provides Additional Rules

There is additional guidance in the new circular for situations where the costs related to accommodation are reimbursed or supported by the employer and include certain meal expenses or out-of-pocket expenses. In such situations, the daily allowance must be reduced by:

- 15% for breakfast;
- 35% for lunch;
- 45% for evening meal;
- 5% for out-of-pocket expenses.

The circular also clarifies that a daily allowance can be paid for each day between two nights.³ For the day of arrival and departure, the allowance must be reduced by 50 percent.

Higher Allowances Still Possible

Higher allowances can still be considered as tax-free reimbursement of costs related to the employer provided the employer proves that the allowances are intended to cover expenses which are attributable to the employer and that they have been effectively used to cover such expenses.

Footnotes:

- 1 Circular nr. Ci.RH.241/609.972 (AGFisc 38/2013) of 10/10/2013 (French version: <http://ccff02.minfin.fgov.be/KMWeb/document.do?method=view&id=260df256-64f9-442f-b7d2-2f7cdf57ebe6&caller=1#findHighlighted>) .
- 2 The list of applicable *per diem* per country is published in the Belgian Official Gazette (*Moniteur Belge/Belgisch Staatsblad*) when the amounts granted by the Ministry of Foreign Affairs are indexed (most recent publication was on May 6, 2013).
- 3 The phrase (reproduced in French from the new circular) is: "... une journée entre deux nuits en mission à l'étranger."

* * * *

The information contained in this newsletter was submitted by the KPMG International member firm in Belgium. The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

Flash International Executive Alert is an IES publication of KPMG LLP's Washington National Tax practice. To view this publication or recent prior issues online, please click [here](#). To learn more about our IES practice, please visit us on the Internet: click [here](#) or go to <http://www.kpmg.com> .