

GMS Flash Alert

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Belgium - Long-Awaited Circular on Expatriate Tax Concessions Published

The Belgian tax authorities published a circular letter on the new expatriate tax concessions on 6 May 2022.¹

Although the new legislation, the law of 27 December 2021, has been in the public domain since December 2021, there are still many open questions, especially with respect to the practical application of the rules.

The circular letter gives a clear overview of the legislation and a summary of the most important elements of the preparatory works to the law as well as a number of examples on the practical application of the law of 27 December 2021.

WHY THIS MATTERS

The new rules completely change the income tax rules for expatriates assigned to Belgium.

The circular letter provides additional clarity in terms of important elements of the preparatory work to the law and by means of several examples on the law's practical application.

This should help global-mobility professionals, their mobile employees, and tax-service providers better understand the impact of the new legislation and how to avail of its benefits.

Background

In our 12 January 2022 [report](#), we provided an update on the new legislation reforming Belgium's expatriate tax regime, which entered into force on 1 January 2022.²

The changes implemented by the law of 27 December 2021 significantly impact the tax treatment of expatriates in Belgium. The law provides that the costs proper to the employer equal to a maximum 30 percent of gross remuneration with a cap of EUR 90,000 are considered tax-free.

More Details

While the circular letter helps clear up many questions and issues, and provides a number of examples on the practical application of the new rules, many questions remain unaddressed. However, the tax authorities have announced that these will be addressed in a FAQ (frequently asked questions) document, though at this point it is not known when such a document will be publicly available.

In addition to the overview of the new regime, the circular provides the following important clarifications:

- The expatriate allowances have to be paid on top of the employees' salary and benefits. It is not possible to exempt part of the regular remuneration as expatriate allowance.
- Confirmation that for expatriates who want to opt-in to the new regime a review and possible amendment of the employment contract may be required.
- An announcement that the filing deadline is extended to 31 July 2022, for individuals who arrived in Belgium in the first quarter of 2022, as an exception to the rule that applications for the expatriate tax concessions have to be filed within three months following the individual's arrival in Belgium.

KPMG NOTE

Global-mobility programme managers should be evaluating the impact of this change on their assignees and their mobility programmes, and may wish to consult with their global-mobility service providers.

FOOTNOTES:

1 Circular 2022/C/47, available on www.fisconetplus.be . <https://eservices.minfin.fgov.be/myminfin-web/pages/public/fisconet/document/7cf8da23-4ba1-46a8-a5a6-0935dba7db83/2022%2FC%2F47> .

2 See the new law (in Dutch) at: <http://www.ejustice.just.fgov.be/eli/wet/2021/12/27/2021043625/staatsblad> . Also, see: "[27 December 2021 - Programmawet](http://www.fgov.be)" ([fgov.be](http://www.fgov.be)) (Dutch text) in the *Moniteur Belge/Belgisch Staatsblad* and [LOI - WET](http://www.fgov.be) ("[27 Decembre 2021 - Loi-programme](http://www.fgov.be)") ([fgov.be](http://www.fgov.be)) (French text) on the e-Justice website: <http://www.ejustice.just.fgov.be>.

Also, for additional coverage, see [GMS Flash Alert 2022-033](#), 15 February 2022.

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Contact us

For additional information or assistance, please contact your local GMS or People Services professional or one of the following professionals with the KPMG International member firm in Belgium:



Saâdia Abdi

Tel. +32 (0)2708 36 50

sabdi@kpmg.com



Ilse De Mesmaeker

Tel. +32 (0)2708 37 37

idemesmaeker@kpmg.com

The information contained in this newsletter was submitted by the KPMG International member firm in Belgium.

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