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GMS Flash Alert

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Belgium – Update on Personal Income Tax Reform

Significant changes to the Belgian personal and corporate income tax regimes have recently been enacted, with additional reforms pending parliamentary approval. These tax law updates—notably the program law of 18 July 2025 and the Law of 18 December 2025—affect expatriates, employers, and globally mobile employees operating in Belgium.

WHY THIS MATTERS

The recent tax reforms approved by the Belgian parliament introduce significant changes to both personal and corporate income tax. These measures are crucial for expats, tax professionals, and businesses operating in Belgium, as they affect tax planning and compliance strategies. Meanwhile, there are a number of additional legislative updates still in the pipeline and currently undergoing parliamentary procedure. To avoid any confusion about what's been approved and what's not, we've briefly summarized the status of all updates.

Key Highlights

Previously approved changes: Program law of 18 July 2025

Last summer, the first part of the changes was approved by the Belgian Parliament. The following relevant regimes have been either updated or introduced following the law of 18 July 2025 (published 29 July 2025)[1]:

- A carried interest regime has been introduced for Belgian fund members.
- An exit tax has been introduced for assets being transferred abroad by shareholders.
- A first set of changes has been made to the liquidation reserve and VVPRbis regime.
- First offenders who operated in good faith will no longer be subject to a 10 percent tax increase.
- A continuous system for tax and social security regularization has been introduced.
- Procedural changes have been made to the tax on securities accounts.

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Newly approved changes: Law of 18 December containing various measures

On 11 December 2025, the Belgian Parliament adopted a draft law introducing various tax measures. The law of 18 December 2025 was published on 30 December 2025. Key measures from an international mobility perspective include:

- **Special tax regime for inbound taxpayers and researchers**: The regime is now more attractive and more broadly applicable. For more details, please refer to *Flash Alert – KPMG in Belgium* (20 January 2026).

- **Company cars**: The tax deductibility for company cars will once again be amended, but mainly for self-employed individuals operating without a management company. The most significant changes relate to:

  - "Older" vehicles (i.e., purchased/leased/rented prior to 1 January 2018): Car costs related to older vehicles were previously established at a deductibility of 75 percent. This will be reduced between tax year 2027 and 2031, resulting in a minimum deductibility of 50 percent as from tax year 2031.

  - PHEVs (plug-in hybrid vehicles) acquired as from 1 January 2026: An ease on the elimination of the tax deductibility for PHEVs has been introduced. A degressive deduction rate will apply, starting from a maximum 100 percent (or 75 percent in case of a CO^2 emission rate over 50 g/km) for 2026, decreasing to 57.5 percent for acquisitions in 2029, and ultimately to zero percent as from 2030.

    Fossil fuel costs do not follow the aforementioned regulations and are no longer tax deductible. To the contrary: electricity costs are deductible at the rate applicable to zero-emission vehicles (starting at 100 percent for acquisitions in 2026 and gradually decreasing to 67.5 percent for acquisitions in 2031).

  - "Fake hybrids:" Fake hybrids are generally qualified as either having a low battery capacity (less than 0.5 kWh/100kg), or having a CO^2 emission of more than 50g CO^2/km. The latter limit is increased to 75g CO^2/km for cars subject to the Euro 6e-bis standard.

- **Employer perspective:** The maximum employer contribution for meal vouchers increases from EUR 6.91 to EUR 8.91. The corporate tax deductibility for employers will also increase with the same amount.

- **Flexi-jobs:** The annual tax exemption for wages received from flexi-jobs is increased from EUR 12,000 to EUR 18,000.

- **Dependent children:** The threshold to remain considered as fiscally dependent is increased to EUR 12,000 (subject to indexation) for all children as from income year 2025.

- **Deductible alimony payments:** The deductibility of alimony payments will be lowered from the current 80 percent to 70 percent for payments made in 2025, 60 percent for payments made in 2026 and ultimately 50 percent for payments made from 2027. A further condition is that the alimony payments are only deductible if paid to a beneficiary resident of the EEA or Switzerland (as of income year 2026).

- **Taxation of alimony payments:** Under the previous rules, alimony payments received by a beneficiary outside the EEA or Switzerland are considered taxable income. This will change as from income year 2026: alimony payments to beneficiaries who are not residents of the EEA or Switzerland will no longer be taxed in Belgium.

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- **Eliminated tax benefits**: Several tax reductions and deductions will be abolished:

  - As from assessment year 2026:

    1. Benefit for capital losses on “private privaks;”
    2. Benefit for purchasing electric vehicles;
    3. Benefit for domestic staff wages;
    4. Benefit for adoption expenses;
    5. Benefit for insurance premiums for legal assistance;
    6. Benefit for long commuting distance (additional lump-sum cost deduction as from 75 km between home and place of work);
    7. Benefit for charging stations (expenses as from August 2024);
    8. Benefit for expenses related to development funds (prior implications remain valid until tax year 2030);
    9. Benefit for passive or low-energy houses;
    10. Benefit for internships;
    11. Benefit for additional low-wage personnel (prior entitlements remain valid until tax year 2026).

  - As from assessment year 2027:

    1. Benefit for a “private pc-plan” (“Pc-privé”) for employer contributions made as from 1 October 2025;
    2. Benefit for capital gains on company vehicles (for capital gains realized as from 1 August 2025);
    3. Benefit for additional staff hired for export and quality assurance (only eliminated for staff hired as from 1 September 2025);
    4. Benefit for “sociaal passief” / “passif social” for wages paid after 30 September 2025.

- **Reduced tax benefits:** The tax benefit for gifts is reduced from 45 percent to 30 percent as from tax year 2026.

- **Mortgage loan deductions**: Only the long-term savings regime will remain. All other federal tax benefits related to non-proper dwellings will be eliminated from tax year 2026 unless transition measures apply.

- **Special contribution for supplementary pensions (“Wijninckx-bijdrage” / “Cotisation Wijninckx”):** The contribution had previously been increased from three percent to six percent, applying as from 2028. This contribution will instead increase to 12.5 percent for all contributions made as from 2026.

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- **Solidarity surcharge on supplementary pension payments:**
  - From 1 January 2026, a flat solidarity contribution of two percent will be systematically withheld from each payment of supplementary pension capital by the paying entity. Overpayments will be reimbursed.
  - From 1 July 2027, an additional two percent solidarity contribution will apply (four percent in total), but only on the portion of the capital exceeding EUR 150,000 (subject to indexation) and as calculated by Sigedis on the amount exceeding the threshold. Sigedis will take into account all (potentially separate) supplementary pension payments.
- **Procedural changes:**
  - Complex tax returns (specified by law, e.g., specific types of intelligence received from abroad) can be audited for four years as from 1 January of the tax year (though exclusions apply).
  - Audit period in case of fraud is reduced from ten to seven years.[2]

Pending changes: Draft law of 17 December 2025 introducing a tax on capital gains on financial assets

The capital gains tax on financial assets remains the most debated amongst the tax reforms and has yet to be approved (see also our previous update on the subject). Based on the draft legislation, a new "solidarity contribution" will be introduced, taxing capital gains on financial assets realized as from 1 January 2026.[3] As it stands today, there will be three main regimes:

- Internal capital gains in case of control over the acquirer;
- Significant interest (participation of at least 20 percent);
- Standard regime for capital gains not falling within the two former categories.

For the standard regime, the rate will be 10 percent and the first EUR 10,000 of capital gains will be exempt. More details to follow.

Pending changes: Draft law of 17 December 2025 on the personal income tax reform

Aside from the legislation on capital gains tax, the legislation on reforming the personal income tax was also submitted on 17 December. The draft law contains measures relating to the following subjects. A more extensive update will follow once the legislation has been approved. The key changes for people services relate to:

- Changes to the copyrights regime to re-introduce computer programming in scope of the beneficial regime.
- Increase of the “lump sum tax free allowance.”
- Reduction of the special social security contribution.
- Adjustment of the work bonus.
- Changes to the overtime regime.

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- Reduction and elimination of the marital quotient.
- Elimination of the tax benefit on unemployment income.
- Living wages will become taxable.
- Changes to the tax rate for working pensioners.
- Introduction of an “entrepreneur” deduction for self-employed persons.
- Elimination of the tax increase for insufficient tax prepayments for self-employed persons.
- Limitation for (lump sum) benefits in kind to 20 percent of the salary package.
- Increase of the minimum salary payment for company directors working through a management company.
- Introduction of a minimum exemption for miscellaneous income (“vinted exemption”).
- Adjustments to the lump sum tax-free allowance for dependent children.
- Adjustments to the tax regime for young athletes.
- Adjustment to the calculation of the communal taxes.
- Alignment of taxation of alimony payments in the form of capital taxed as interest.

Pending changes: Concept law following the budgetary agreement of 24 November 2025

Following the budgetary agreement made in November 2025, a couple of additional measures have yet to be passed through Parliament. The following changes are included in the Budgetary Agreement and are expected to be submitted to Parliament shortly:

- Increase of the total taxes due to VVPRbis dividends and liquidation reserve.
- Limitations to the lump sum cost deduction of the copyrights regime.
- Applications of a corrective factor to several wage tax exemptions.
- Increase of the tax on securities accounts from 0.15 percent to 0.3 percent.
- Increase in tax on boarding aircrafts.

KPMG INSIGHTS

As per KPMG in Belgium, these reforms reflect Belgium's ongoing efforts to modernize its tax system, aligning with environmental goals and simplifying tax procedures. Many of these proposed and/or approved changes have important implications both for employers and for their personnel.

Please reach out to your KPMG contact to assess which actions have to be taken and when communication to the employee population is appropriate.

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Readers with questions or concerns about the measures highlighted in this newsletter, should consult with their usual qualified tax professional or a member of the GMS/People Services team in Belgium (see the Contacts section).

FOOTNOTES:

1 Belgische Federale Overheidsdiensten (in Dutch), "Belgisch Staatsblad," published on 30 December 2025.

2 For more details, MyMinfin website (in Dutch).

3 De Kamer website (in Dutch), "De Belgische Kamer van volksvertegenwoordigers," published on 17 December 2025.

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Contacts

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