

THE NEW EXPAT REGIME - technical details

The new expat regime is applicable for employments starting as of 1 January 2022. The Belgium tax authorities differentiate between 'regular' incoming taxpayers (BBIB/RSII) and incoming researchers (BBIO/RSICI)



QUALIFYING CONDITIONS FOR THE INDIVIDUAL

- ▶ Employee or company director;
- ▶ Absence of connection with Belgium during a period of 60 months prior to the arrival in Belgium:
 - not been taxed as a resident taxpayer in Belgium;
 - not been living at a distance of less than 150 km from the Belgian borders (even prior to assignment);
 - not been taxed as a non-resident on Belgian professional income.
- ▶ There is no foreign citizenship requirement;
- ▶ Minimum gross compensation threshold: € 75.000 per calendar year. This threshold includes the gross salary, guaranteed variable compensation and the benefits in kind. It does **not** include the 30% tax-free allowance.

Exception for researchers

The threshold of € 75.000 will not be applicable for researchers who spend at least 80% of their professional time on research activities and meet the following conditions:

- They hold at least one of the of master's degrees included in the list in the law; OR
- They have at least 10 years of relevant experience in the areas.

QUALIFYING CONDITIONS FOR THE EMPLOYER

- ▶ The expatriate must be recruited from outside Belgium by a resident company, a Belgian establishment of a foreign company or a non-profit association; OR
- ▶ The expatriate must be assigned or transferred within a multinational group or non-profit organization.

BENEFITS OF THE NEW REGIME

- ▶ The employer may reimburse or compensate the expatriate on a tax-free basis for a maximum of 30% of the gross remuneration. The maximum tax free amount is capped at € 90.000;
- ▶ This '30%' allowance is exempt from Belgian social security as well;
- ▶ The reimbursement of school fees, moving and installation costs can still be considered as costs proper to the employer on top of the 30% compensation;
- ▶ The new regime is no longer exclusively linked to the employer. Therefore, it could continue to apply when there is a change of employer.

MAXIMUM DURATION

- ▶ The new regime will apply for an initial 5-year period with a possible 3-year extension (extension to be filed within 3 months following the end date of the first 5-year period).

BELGIAN TAX RESIDENCY

- ▶ Standard residency rules included in the Belgian income tax legislation/double tax treaties will apply;
- ▶ Qualifying expatriates will need to report their worldwide income in Belgium if they are considerate as a Belgian tax resident;
- ▶ If the expatriate does not qualify as a Belgian resident taxpayer, requirement to provide a certificate of tax residency from another country.

ATTENTION POINTS FOR THE EMPLOYER

- ▶ File a joint application within **3 months** after the start of the Belgian employment/assignment;
- ▶ Every year, before **January 31st**, provide the Belgian tax authorities with a listing of all the qualifying employees/directors for the preceding year (not applicable for income year 2022);
- ▶ The new method of calculating the cost proper to the employer means that the employment contract (and annexes) will also have to refer to the tax free allowance calculation;
- ▶ The new system has an impact on the usual remuneration systems. It might be necessary to adjust the remuneration policy;
- ▶ From now on, Belgian companies can also apply the new system. Even if they are not part of an international group, or if their expatriate employee has the Belgian nationality;
- ▶ The new legislation is still very recent. It is therefore imperative to be vigilant for any additional clarifications.

HOW CAN BDO HELP SUMMARY

- ▶ Cost calculation for the employer as well as for the expatriates;
- ▶ Prepare the application request on behalf of the employee and employer;
- ▶ Communication on the current and future changes;
- ▶ Review of existing employment contracts or drafting of addenda when necessary;
- ▶ Amendments of compensation packages;
- ▶ Information sessions;
- ▶ ...

Want to learn more about the expatriate tax regime? Contact one of our specialists:



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