



Special Tax regime for Expatriates

Under certain conditions, foreign executives temporarily assigned to work in Belgium within an international group of companies or who have been recruited directly abroad by a Belgian company belonging to such an international group in order to render services in Belgium temporarily can **benefit from a special tax status**. If this special status applies, they are treated for tax purposes as non-residents of Belgium, therefore **taxed on their Belgian-source income only**.

Conditions to apply

In order to qualify for the special tax status, executives must be foreign nationals and exclusively carry out duties that require them to have special knowledge and responsibilities. Foreign researchers and other specialised foreign staff will generally qualify for the special tax status as well.

In order to be considered for the special tax status, the expatriate also has to comply with the following conditions:

- employment in Belgium must be within a **qualifying company**, i.e. a Belgian place of business (e.g. representation office, branch) or a Belgian entity belonging to an international group of companies, a control or coordination office for these companies that renders services within the international group, or a scientific laboratory or research centre belonging to an international group of companies;
- employment in Belgium must be of a **temporary** nature;
- expatriates must **qualify as non-residents of Belgium**, i.e. their residence or the focus of their economic and personal interests must not be situated in Belgium.

Whether or not an expatriate has his/her residence or the centre of his/her economic or personal interests in Belgium will necessarily be determined on the basis of a whole set of accurate and consistent information that is relevant enough to show, in particular, the temporary nature of the employment in Belgium. The various factors that are decisive in assessing the temporary character of the employment in Belgium may be taken from the expatriate's private life or may arise from the nature of the duties carried out.

An application form has to be filed with the Belgian tax authorities within 6 months starting from the first day of the month following that in which the employment or assignment in Belgium starts.

Benefits granted

The special expatriate tax status offers **two important tax advantages** to foreign executives:

- Reimbursements made by the employer to cover additional expenses incurred as a direct result of the assignment or employment in Belgium are treated as costs proper to the employer, which are, within certain limits, non-taxable for the expatriate (the "**tax-free expatriation allowances**");
- The executive benefits from an exemption for the part of his/her compensation that relates to business duties carried out abroad (the so-called "**travel exclusion**").

Both the tax-free expatriation allowances (e.g. tax equalization allowance, cost of living allowance, cost of housing allowance, school fees, moving and relocation expenses, home leave) and the portion of salary relating to business services rendered abroad are taken out of the expatriate's taxable income from employment. The net taxable employment income after this deduction is then taxed in the same way as the taxable income of a resident of Belgium, i.e. applying the same tax rates and exemptions, and is likewise added to the other income from Belgian sources.

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