

Dear Mr. ,  
Dear Mrs.,

**Subject**                               -       **Belgian income tax return;**  
   -       **Income year 2015 - Tax year 2016.**

As every year, you will soon receive your personal income tax return from the Belgian tax authorities in which you need to declare your 2015 income.

We would be pleased to assist you with the filing of this tax return. If you would like to receive our assistance, we kindly ask you to send us all necessary information in order to allow us to prepare your tax return in due time.

You can send us the original tax form afterwards if you did not receive it yet. In case you do not receive an income tax form before June 1<sup>st</sup>, 2016 at the latest (and you did not file your 2014 tax return via “Tax on Web” – see further), please let us know, in order to enable us to request one with the competent tax administration.

Please find in attachment a detailed list of the most important types of income and tax deductions, which appear in the 2015 income tax return. Although not all items are relevant for you, with this listing we hope to make it easier for you to collect the necessary information. It is also important to indicate any changes in your civil status (as well as your family on January 1<sup>st</sup>, 2016).

For income year 2015, there have been some modifications to the tax code, including the introduction of the transparency tax (see our separate memorandum attached). Below you will find an overview of the other important modifications.

#### **A. “Housing Bonus” in Flanders**

Since the regionalization of the residential tax from January 1<sup>st</sup>, 2015, the Flemish Government has implemented a number of changes to the housing bonus system. These changes came into effect on January 1<sup>st</sup>, 2015, but only for mortgage loans contracted as of January 1<sup>st</sup>, 2015.

Mortgage loans that were contracted before January 1<sup>st</sup>, 2015 are still enjoying the old (federal) system. Please find below a summary of the changes to the “housing bonus”.

Loans contracted before January 1<sup>st</sup>, 2015

Basic amount of deduction per person:	2,280 EUR
Increase first 10 years if it remains the only property:	760 EUR
Additional increase from three dependent children, at the moment of signing the loan:	80 EUR
Maximum amount:	3,120 EUR
Rate of tax relief on expenses:	marginal rate; max. 50% of 3120 EUR = € 1,560

Loans contracted as of January 1<sup>st</sup>, 2015

Basic amount of deduction per person:	1,520 EUR
Increase first 10 years if it remains the only property:	760 EUR
Additional increase from three dependent children, at the moment of signing the loan:	80 EUR
Maximum amount:	2,360 EUR
Rate of tax on expenses:	40% (max. 944 EUR)

Finally, we can already inform you that there is a new regime in Flanders enacted for mortgage loans, contracted as of January 1<sup>st</sup>, 2016. The amounts and rates do not change with regard to the system that was valid for loans contracted in 2015, but the housing bonus system has been expanded to houses other than the "dwelling." It can therefore be a first, second or third property.

There has been no changes, for loans contracted in 2015, for Brussels and Wallonia.

## **B. Changes made under the tax-shift**

In July 2015, the government adopted a first wave of measures that were part of the announced tax-shift.

First, the tables and the amount of the lump sum expenses for employees were revised and increased as follows for tax year 2016 (income year 2015).

29.35 % on the first bracket up to 5,760.00 EUR  
10.50 % on the second bracket to 11,380.00 EUR  
8.00 % on the third bracket to 19,390.00 EUR  
3.00 % in the fourth bracket above 19,390.00 EUR

The absolute maximum is € 4,090.00 for income year 2015.

Furthermore, a new tax shelter was introduced for investment in start-ups. This tax shelter provides for a tax deduction of 30% for a maximum of 100,000 EUR (per calendar year) in



invested capital in qualifying "start-up" companies. This results in a maximal tax deduction of 30,000 EUR. The rate of the tax deduction is 45% if the company qualifies as a "micro-entity". Also, an exemption has been introduced for interests on loans to start-ups.

Also, an increased investment deduction has been introduced for investment in digital assets. This investment deduction is 13.5 %. The investment deduction is only available to small and medium enterprises (both individuals and companies). Finally, new exemptions were introduced for flexible wages and the performance of overtime in the horeca sector. The existing tax exemptions in the horeca sector were expanded.

If you would like to know more about the "tax-shift" measures relating to income year 2016 (such as the increase of the withholding tax from 25% to 27%, speculation tax, ...), we will gladly provide you with a separate memorandum, upon request.

### **C. Service-cheques in the Brussels Region and the Walloon Region**

As of 2015, the tax deduction for the purchase of service-cheques is significantly reduced compared to previous years, if your tax residence is in the Walloon Region.

For service-cheques purchased in 2015, the Walloon Region grants a 10% discount for the first 150 service-cheques purchased per person. Priced at € 9.00 per service-cheques, the maximal tax deduction is 135 EUR per person.

The Brussels Region still gives 30% discount for the first 155 service-cheques purchased per person. Priced at € 9.00 per service, the maximal tax reduction is 418.5 EUR per person. As of 2016, the tax deduction rate will decrease to 15%.

There have been no changes to the service-cheques system in Flanders, for 2015.

### **D. Obligatory mentions in your tax return**

Like last year, you will have to mention the existence of your foreign bank accounts and your foreign individual life insurance contracts in your tax return for 2015.

Finally, as was last year, you will have to mention the foreign legal entities, low or non-taxed, the so called "offshore structures". This means that the founders or (potential) beneficiaries of a legal construction have to mention that they are a founder or a (potential) beneficiary, at their knowledge, of such a legal construction.

Additionally, you will have to identify the foreign legal entities, low or non-taxed, as of this year, by disclosing the full name of the structure, the address of the registered office and the legal form. The identity of the manager of the structure must also be disclosed. Concerning the filing of the income of the foreign legal entities, we refer you to the memorandum on the transparency tax in Annex 2.

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It will be possible to introduce the data of your tax return directly on the website of the Ministry of Finance. However, we intend to send the tax form by mail to the competent tax administration. If you wish to send your tax form through electronic mail, you can still do this based on the tax return we prepare on paper. Please be aware that you will not longer receive a tax return “in paper form” in case you filed your tax return via [www.taxonweb.be](http://www.taxonweb.be) last year.

Recently, you may have received your tax assessment relating to income year 2014 (tax year 2015). In case the amounts mentioned in your tax bill do not correspond with the ones declared in your 2014 tax return, you will have **6 months** (as from the sending of the tax assessment) to introduce a tax claim. If requested, we can assist you with the verification of your tax assessment or with a tax claim in case this would be necessary.

Should you have any questions, please do not hesitate to contact us.

Sincerely Yours,

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Enclosure :      Listing of the information needed to prepare your 2015 income tax return.  
                         Memorandum on the transparency tax.



**DATA NEEDED TO COMPLETE YOUR INDIVIDUAL TAX RETURN  
2015 INCOME****1. REAL ESTATE:****A. Real estate located in Belgium**

Please provide us with (for each spouse individually)

- the non-indexed “*cadastral income*” (i.e. deemed rental value);
- the gross rental income if the lessee is either a company, or an individual who uses the property in whole or in part for business purposes.
- the amount received for the establishment or the transfer of building rights, long lease or a similar immovable right on real estate situated in Belgium;
- the exact date of purchase and sale and the exact purchase and selling price if the immovable property (both land and buildings) was bought or sold in 2015;
- the exact date of its (first) occupation and the modification of the “*cadastral income*” if you rebuilt (or renovated) this immovable property in 2015;
- a list of the real estate used for professional purposes;
- if you possess more than one property in Belgium, the property where you have your primary residence.

**B. Real estate located abroad**

Please provide us with (for each spouse individually)

- the exact location of the immovable property (including country);
- the actual gross rental income (included rental charges) when the property is let;
- the gross rental value if the property is not let;
- real estate taxes paid abroad;
- the amount received for the establishment or the transfer of building rights, long lease or a similar immovable right on real estate situated abroad;
- the exact date of purchase and sale as well as the exact purchase and selling price if you bought or sold immovable property (both land and buildings) in 2015.

**2. MOVABLE PROPERTY:**

Please provide us with (for each spouse individually)

- a detailed list of your income from movable property (dividends and interest) as well as rental income from movable property in or outside Belgium, even if a withholding tax was withheld;
- a detailed list of dividends received from Belgian nominal shares emitted after 1 January, 1994 or shares publicly emitted after the same date;

- the issue date of securities which you bought (i.e. which you did not subscribe upon emission);
- date of purchase or sale, issue price and date, expiration date, nominal amount and nominal coupon of fixed-interest bearing securities (debentures or "zero-bonds") which generated interest in 2015 or were sold in 2015;
- precise duration of the disposition of debts, effects of deposit used for your professional activities;
- costs related to the above income from movable property, including the tax paid abroad;
- statements of the life annuities or temporary annuities received (indicating starting and expiration date) as well as the surrendered value;
- detailed list of the income received from copyrights;
- certificate delivered by non-Belgian banks with respect to the application of the European Savings Directive.

### 3. PROFESSIONAL INCOME:

Please provide us with (for each spouse individually)

- source of income (from paid employment, from self-employed activities, as a member of the board of directors of a company, pension income, unemployment income, etc.);
- a detailed list of all income and benefits (company car (with mention of the list price and CO2 emission), disposal of a residence, provided electricity and heating, PC, awarded stock options before or after 1 January 1999, reimbursement of commuting cost, etc.) received in Belgium or abroad;
- a detailed list of all state and private pension income and any such allowances, as well as annuities, capital and the surrendered value of life insurance policies or savings insurance (with copies of the pension slips and insurance policies);
- a copy of the Belgian and/or foreign salary statement and the individual annual report (281.10, 281.11, 281.14, 281.20 or 281.50, etc.);
- a detailed list of all expenditure made or incurred during 2015 with a view to acquiring or preserving taxable income (in case you do not choose for the lump-sum deduction);
- car expenses, including the distance between your home and place of work, number of working days, purchase price, fuel, financing, mobile phone;
- social security contributions paid by you as a self-employed person (copy of the statement from the payroll office - included certificate of the additional premiums paid by you in Belgium for health care insurance, occupational disability or additional pension - with attestation from the insurer or "mutualité" );
- the amount of the special contribution for the social security paid by your employer if you don't have your Belgian salary statement;
- the certificate relating to the advance tax payments made as a self-employed person;
- the "*cadastral income*" and the gross rental value of immovable property fully or partially let to a company in which you are a director;
- detailed list of social contributions and taxes paid on your income from activities performed abroad.



#### 4. MISCELLANEOUS INCOME:

Please provide us with (for each spouse individually)

- profits or benefits from any service, operation or speculation;
- received alimony payments;
- income from a sublease or transfer of lease of real property;
- gains realised on the transfer of land situated in Belgium or of certain real property rights relating thereto (e.g. usufruct) if the property was sold less than eight years after the acquisition;
- gains realised on the transfer of buildings if the property was sold less than 5 years after the acquisition;
- private capital gains (gains realised by an individual through selling the shares of the private company to a new holding company set up by the shareholder for this purpose only).

#### 5. TAX DEDUCTIBLE EXPENSES:

Please provide us with (for each spouse individually)

- bank certificates relating to the interest paid on mortgage contracted to buy or build a house (please indicate whether the house was new at the time of acquisition);
- alimony payments (indicating name and address of the beneficiary);
- the amount paid for building rights or long lease;
- interest on loans contracted to subscribe or to acquire stock in a Belgian company in which you are a director and the start date of the loan.

#### 6. TAX CREDIT:

Please provide us with (for each spouse individually)

- certificates relating to donations to recognised organisations;
- certificates relating to day nursery expenses incurred for children (childcare and activities during the vacation) and paid to recognised persons and institutions;
- remuneration paid to (registered) domestic servants;
- (1) tax certificates for the premiums paid in respect of an individual life insurance, (2) tax certificates for premiums paid to a pension savings plan, (3) the sums paid to acquire stock of the company by which you are employed, (4) bank certificates relating to the instalments of a (mortgage) loan (including proof of capital payments);
- in case of re-financing your mortgage, (1) the amount of your first loan and your new loan, (2) the balance and (3) the instalments of your first and new loan ;
- the contributions made to the spouse who helps you as a self-employed person,
- also the tax certificates relating to :
  - energy saving investments in houses (only for roof insulation made in 2015, and with regard to some transition measures provided for the contracts concluded before 28 November 2011);
  - the benefit for costs made for the renovation of houses in privileged urban zones;

- the benefit for services paid by means of service-cheques;
- the contract of a 'winwinloan' (Flanders only);
- the innovation of a rented house (with law rental income);
- the protection of the house against fire and theft;
- for energy friendly houses (still apply but only in exceptional cases);
- for loans contracted for financing energy saving investments in a residence;
- tax credit for contracts concluded for the renovation of a residence;
- the purchase of an electric vehicle (motorcycles, tricycles and quadricycles);...

**7. DID YOU (OR A FAMILY MEMBER) HOLD A BANK ACCOUNT ABROAD IN 2015 ?**

Please provide us with:

- the name of the holder of the account and the bank account number ;
- the name of the bank, foreign exchange, credit or savings institution ;
- the BIC code of the institution ;
- if the institution does not have a BIC code, the address of the registered office of the institution ;
- the country where the account was opened ;
- the oldest taxable period during which the account existed (between 2011 and 2015) ;
- possible date of closure of the account ;

If you have already submitted a notification of your foreign bank accounts at the Central Point of contact of the National Bank of Belgium, we just need to have the information on bank accounts which were opened in 2015, and the updated information of already reported bank accounts if changes have been made in 2015.

**8. DID YOU (OR A FAMILY MEMBER) HOLD A LIFE INSURANCE CONTRACT ABROAD IN 2015 ?**

Please provide us with:

- the name of the policy holder of the life insurance contract;
- the country from where the premiums were paid.

**9. WERE YOU (OR A FAMILY MEMBER) THE FOUNDER OR (POTENTIAL) BENEFICIAIRY OF A LOW OR NON-TAXED FOREIGN LEGAL ENTITY IN 2015 ?**

Please provide us with:

- the name(s) of the founder or the (potential) beneficiaries of the low or non-taxed foreign legal entity;
- full name of the legal entity, legal status, address of the registered office and the identification number;



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- name and address of the manager of the legal entity;
- **any income that might have been received by the legal entity in 2015 (see memorandum in Annex 2).**

Vandendijk & Partners  
March 2016

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**TRANSPARENCY TAX**

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**1. WHAT IS IT ?**

The transparency tax intends to tax the income of low (under 15%) or non-taxed legal entities, or so called off-shore structures, in the chief of a Belgian resident who is the founder, shareholder or the beneficiary of the offshore structure. The targeted structures are divided into two categories, namely the structures without legal personality, such as the trusts (category 1) and the legal entities (category 2). The second category includes entities such as Limited companies, foundations, .... For this second category, two lists have been published by royal decree, a non-exhaustive list of structures located outside the EEA, and an exhaustive list of structures located within the EEA. For interest and dividends, the applicable Belgian tax rate will be 25% in most cases (27% as of January 1<sup>st</sup>, 2016)

The transparency tax does not prohibit the use of such legal entities.

**2. WHO IS CONCERNED ?**

The income received by the “offshore” structure will be taxed, on basis of a (legal) fiction, in respect of the founder or the shareholder of the offshore structure, as if he has received this income directly. It is the founder or shareholder of the offshore structure who has to declare this income in his Belgian Personal Income Tax Return.

In case the founder or the shareholder of the offshore structure can prove that he will not receive any income from the offshore structure, but instead that a third-party as a beneficiary will receive the income, it will be taxed in the chief of the beneficiary, to the extent that he is a Belgian resident. If the beneficiary is not a Belgian resident, then this proof can only be delivered if the beneficiary is a resident of a member state of the EEA, or a resident of a state with which Belgium has concluded a double tax treaty, or a convention concerning the automatic exchange of information (bi- or multilateral).

**3. EXCEPTIONS**

First of all, if it is demonstrated that the income received by the offshore structure, is subject to a taxation of at least 15%, the transparency tax will not apply. This proof, however, can only be delivered if the offshore structure in question is a structure of the second category.

Secondly, foreign structures that have a real professional activity abroad remain unaffected .



Finally, qualifying collective investment institutions, pension funds, companies that manage employee participations and public listed companies are excluded from the transparency tax. Regarding collective investment institutions, it should be noted that these will be considered transparent if they are only used in an effort to circumvent the transparency tax, *e.g.* a SICAV with a partitioning that only serves for related persons (such as family members).

#### **4. OTHER ASPECTS**

Finally, at the time of the dissolution of the offshore structure, there are no taxes due on the so called liquidation bonus, *i.e.* the reserves that are present in the offshore structure, if they have already been the subject of the transparency tax.

The reserves that are distributed due to the dissolution of the structure, which have not been submitted to the Belgian transparency tax, will be taxed as liquidation boni. Please note that this only concerns the reserves that exceed the initial capital contribution.

This taxation will only be applied to the liquidation of offshore structures of the second category. Please note that this taxation will also be applied to the reserves that were already present in the structure before 2015.

#### **5. COMING INTO FORCE**

This new law will be effective for the fiscal year 2016, making all income received by the offshore structure as of January 1, 2015 subject to the transparency tax. Any changes to the statutes of a structure of the second category, with the intention to transform it into a structure of the first category, will not be opposable to the Belgian tax authorities, if the modification took place on or after October 9, 2014.

Furthermore, a new specific anti-abuse measure will be implemented in the Income Tax Code, so that any legal actions undertaken by the offshore structure to avoid this transparent approach will not be opposable to the Belgian tax authorities.

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Please note that this is just a general memorandum. We are always ready to analyze your personal situation and discuss possible alternatives with you.

Vandendijk & Partners

March 2016