

Dear Mr. ,  
Dear Mrs.,

**Subject**        -        **Belgian non-resident income tax return;**  
                         -        **Tax year 2015 – Income of the year 2014.**

The Belgian tax authorities are currently sending the Belgian non-resident income tax returns to all non-residents with Belgian source income. The due date to file the non-resident tax returns is in principle set at November 18, 2015.

If you would like us to assist with the preparation and filing of your Belgian return, we kindly ask you to send us all the necessary information at your earliest convenience.

In order to facilitate the gathering of all necessary information, we attach a questionnaire which indicates the most important income and tax deductible items applicable in the non-resident income tax return of income year 2014. Please provide us also the information as mentioned in part II of the questionnaire in case you benefit from the special tax status for foreign executives in Belgium.

Compared to the income tax declaration for the year 2013, the tax form for the year 2014 includes some new features.

#### **A.        The sixth state reform**

While the sixth state reform has federated the power to levy the Belgium personal income tax, the taxation of non-residents is still an exclusive competence of the Belgian federal government.

Due to the federalization of the income tax, the Regions have become responsible for a number of tax deductions and credits. The Regions now have exclusive responsibility for the following deductions:

- Service-cheques ;
- Protection of the house against fire and theft ;
- Energy-saving expenditure on housing (roof insulation) ;
- Loan expenses for the personal house (residential bonus).

The federal government has retained the exclusive power to regulate the following deductions:

- Pension savings ;
- Donations ;
- Nursery expenses ;
- Loan expenses for other dwellings (not eligible for the residential bonus);
- Premiums paid to individual life insurance contracts.

The regional and federal tax credits are applied in priority to the respective personal income taxes. A surplus of a tax credit, however, can be applied to other personal income tax.

To prevent any discrimination, the regional tax deductions will be applied to the non-resident income tax, as described below.

#### **B. The sixth state reform – Specific for non-residents and expats**

Before the implementation of the sixth state reform, the non-residents were divided in the following four categories:

- Non-residents with a home in Belgium ;
- Non-residents who have obtained more than 75% of their professional income in Belgium ;
- Non-residents benefiting of a non-discrimination clause in a double tax treaty (France, the Netherlands and Luxemburg) ;
- Regular non-residents, not fitting in any of the abovementioned categories.
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Following the sixth state reform, these categories have been modified. The goal of this modification was to facilitate the application of the federal and regional income taxes on non-residents, as well as ending a lasting discrimination of non-resident EEA residents, who up until now could not benefit from any regional tax deductions.

The new categories are:

- Non-residents, residents of another EEA member state, who have obtained more than 75% of their professional income in Belgium ;
- Non-residents, not resident of another EEA member state, who have obtained more than 75% of their professional income in Belgium (= "expats" category);
- Non-residents benefiting of a non-discrimination clause in a double tax treaty (France, the Netherlands and Luxemburg) ;
- Regular non-residents, not fitting in any of the abovementioned categories.

The category of non-residents with a home in Belgium has been abolished.

The availability of tax exemptions and reductions for non-residents now depends on the category to which the non-resident belongs. The regular non-residents, *i.e.* non-residents who have obtained less than 75% of their professional income, have no right to the personalization of their taxation (exempt minimum amounts, married couples tax allowance, etc.), as well as no right to any federal or regional tax credits or deductions. This will have a large impact on the taxation of expats with a travel exclusion of more than 25%.

The non-residents who have obtained more than 75% of their professional income in Belgium, will all have the right to the personalization of their taxation, as well as the right to the federal tax credits and deductions. Only non-residents who are still resident of another EEA member state, as well as privileged non-residents (France, the Netherlands and Luxemburg) will have the right to regional tax deductions.

Finally, in order to determine which regional tax reductions must be applied, the origin of the professional income must be observed. If the non-resident has obtained his professional Belgian income in one Region (based on his usual, factual place of employment), that Region's tax deduction system will be applied. If the non-resident has obtained his Belgian professional income in more than one Region, the applicable system will be the system of the Region which is the source of the highest net professional income. A further, theoretical, tiebreaker is the higher number of days worked in each Region.

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We are looking forward to hear from you and trust that you will contact us in case you have questions in this respect.

For further information, please do not hesitate to contact us.

Kind regards,

An De Reymaeker

Annex:       Our questionnaire with regard to data needed to complete the 2014 non-resident income tax return



## PART I

### DATA NEEDED TO COMPLETE A NON-RESIDENT TAX RETURN – 2014 INCOME

#### 1. 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 2014;
- the exact date of its (first) occupation and the modification of the “*cadastral income*” if you rebuilt (or renovated) this immovable property in 2014;
- 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.

#### 2. 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 2014 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.

### 3. 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.

### 4. 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 2014, 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);...



**PART II****DATA NEEDED FOR PERSONS WHO BENEFIT FROM THE SPECIAL TAX STATUS  
FOR FOREIGN EXECUTIVES IN BELGIUM**

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Please provide us with:

- the country of origin of the foreign executive (for the calculation of the “tax equalisation”);
- the monthly rent paid for the house in Belgium (for the calculation of the “housing allowance”);
- the confirmation of the application of the “Technical Note” of the tax authorities (mentioning also if the limit of EUR 11.250 or EUR 29.750 is applicable in connection with the costs proper to the employer) or a copy of the policy of the company;
- the amount of moving costs or settling costs paid by the employer in 2014;
- the amount of home leave paid by the employer in 2014;
- the travel expenses for children, who are studying outside Belgium and which are paid by the employer in 2014;
- the school fees for the children, who are studying in Belgium, which are paid by the employer in 2014;
- a detailed list of the days spent outside Belgium in 2014 for professional reasons (mentioning the day of departure and the day of arrival in Belgium and mentioning the country of destination);
- an overview of the vacation days and illness days;
- in case the travel exclusion is less than 25 % we need to be informed of the fact if the expat is still a resident of another EEA member state ?

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