

ANNEX 2

## OVERVIEW OF IMPORTANT CHANGES RELATED TO INCOME YEAR 2025

Several measures were adopted through a so-called “omnibus” law at the end of 2025 and take effect for income earned in 2025. Some changes are however only applicable as of 2026 (see below).

### 1. Introduction of a tax on financial capital gains

The most significant reform is the introduction, as from 1 January 2026, of a 10% tax on capital gains realised by individuals on certain financial assets (see our dedicated memo on this topic). This will be important for the filing of your income tax return next year (with regard to income year 2026).

However, you will already need to communicate your choice to your bank before June 2026, depending on whether you wish them to automatically withhold 10% on the financial capital gains you have realized. We would like to point out that, in most cases, it is in your interest not to opt for this automatic withholding by your bank, as no exemption would then be applied. Do not hesitate to contact us if you would have further questions.

### 2. Tax-free allowance

The tax-free allowance, i.e. the portion of income not subject to personal income tax, is increased to EUR 10,910 for income year 2025. This amount may be increased depending on the taxpayer’s personal situation, in particular where the taxpayer has dependants.

### 3. Immovable income

The deduction of interest on loans relating to immovable property other than the principal residence is abolished as of income year 2025, including for existing loans.

This notably affects the federal interest deduction, the federal housing bonus, the federal long-term savings scheme for housing, and the tax reduction for green loans.

Subject to certain conditions, taxpayers may still benefit from the tax reduction for long-term savings at a rate of 30%, capped at EUR 2,450 for income year 2025.

### 4. Alimony payments

The deductibility regime for alimony payments is gradually reduced.

Where 80% of the amounts paid were previously deductible in the hands of the payer and taxable in the hands of the recipient, the deduction is reduced to 70% for payments made as from 1 January 2025, to 60% as from 1 January 2026, and to 50% as from 1 January 2027. The same percentage applies to the taxable portion in the hands of the recipient.

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In addition, maintenance payments made to recipients who are not resident of a Member State of the European Economic Area are no longer deductible.

### **5. Dependent children**

The income threshold for a child to qualify as tax dependent is harmonised and increased to EUR 12,000 (indexed amount), irrespective of the parent's family situation.

Specific increases, notably for children with disabilities or in certain single-parent situations, are abolished.

Furthermore, individuals receiving a subsistence allowance (social integration income) or a doctoral scholarship in Belgium can no longer be treated as tax dependants.

### **6. Freeze of indexation of certain tax reductions**

The indexation of various tax reductions is suspended until income year 2029, based on the amounts indexed for 2024.

This concerns, in particular, certain thresholds relating to movable income, the long-term savings reduction, the acquisition of employer shares, and the tax reduction for donations.

Private pension savings remain indexed for income year 2025 in order to avoid adverse threshold effects.

The tax credit for dependants is permanently frozen at EUR 550 per child.

The rate of the tax reduction for donations is reduced from 45% to 30% as from income year 2025

### **7. Car taxation and benefits in kind**

The deductibility rules for vehicles with internal combustion engines continue to be tightened as from 2026. Although these measures primarily affect corporate income tax, they may indirectly impact individuals through changes in company car policies and the valuation of benefits in kind.

Do not hesitate to contact us if you have any further questions with regard to these changes.

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