GOBAL MOBILITY AND THE TAXATION OF LONG TERM INCENTIVE (LTI) PLANS IN BELGIUM

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Global LTI plans are an essential part of executives compensation packages and an important tool for companies to attract and retain the best talent.

If you benefit from a Long-Term Incentive (LTI) plan in Belgium, you are navigating a highly unique fiscal landscape. Were globally RSU’s and Performance Shares are actually the most popular LTI plans, **the Belgian Stock Option regime is unique and still the most attractive from a tax point of view.**

Here is what you need to know to optimize your LTI portfolio under the current rules and avoid expensive pitfalls.

1. Overview: Stock Options vs. RSU’s/Performance Shares in Belgium

LTI Vehicle	Taxation Timing	Capital Gains Tax (Since Jan 1, 2026)	Social Security (RSZ/ONSS)
Stock Options (Law of March 26, 1999 Regime)	**Upfront at grant** based on a flat-rate lump sum (typically 9% or 18%).	10% tax, but only on the capital gain realized after the date of exercise.	Generally exempt from social security if strict legal criteria are met.
RSUs / Performance Shares	**At vesting** as professional income at progressive rates (up to 50%+municipal taxes).	10% tax on the price increase between the vesting date and the sale date.	Fully subject to standard social security (13.07% employee contribution and 25% employer contribution).

2. The taxation regime in Belgium for Stock Options (The Law of March 26, 1999)

The Belgian stock option regime is interesting because **it taxes you upfront at the time of the grant on an artificial, discounted lump sum**. If you formally accept the offer in writing within 60 days, you pay income tax on a Benefit-in-Kind (BIK) of in general 18% of the underlying stock value. This is lowered to 9% if the plan meets specific criteria, such as a fixed exercise price and a mandatory 3-year blocking period.

The big advantage of this I that you pay your income tax obligations on the day of grant, based on this small nominal percentage. The entire growth of the stock up until the moment of exercise is 100% exempt from personal income tax and social security in Belgium.

The tax you pay upfront is however permanent. If the company’s share price crashes and the options expire out-of-the-money, the tax paid cannot be refunded or offset.

A 10% Capital Gains tax applies (since January 1th 2026) on the realized capital gains, calculated as of the day you exercise the options and take physical ownership of the shares (with an exemption of the first 10.000 euro/year). The value appreciation achieved between the grant date and the exercise date remains entirely tax-free.

Foreign LTI plans can, in principle, also qualify if the necessary adaptations are made upfront.

3. Globally Mobile Employees

If you are planning an international relocation or have recently moved into Belgium it is important to check first the **applicable Double Tax Treaty** in order to avoid double taxation.

For example, in case of stock options, you pay the tax upfront on a Belgian stock option plan. If you subsequently move abroad (e.g., to the US or UK) before exercising, your new host country can try to tax the entire exercise gain under its own domestic rules.

In addition, while Double Tax Treaties require pro-rata sourcing based on your workdays, foreign tax authorities do often not recognize the upfront tax you paid to Belgium as a valid tax credit. This can trigger double taxation.

Ideally, you should exercise your Belgian stock options while you are still a tax resident of Belgium to lock in your tax-free exemption before another jurisdiction claims taxing rights.

If you move out of Belgium you should also check if the **exit tax related to the new capital gains tax** in Belgium will not apply to you.

Finally, do not forget the Belgian tax obligations related to LTI plans such as the declaration of foreign bank accounts, dividends, annual tax on securities and the stock exchange tax.

4. CONCLUSION

Navigating LTI plans in Belgium requires a **proactive strategy**. The Belgian Stock Option regime still offers unmatched tax advantages, but its upfront tax model demands careful timing—especially if your career takes you across borders.

If you are holding an LTI portfolio or planning an international relocation soon, reach out to us to optimize your tax strategy.

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