

# GMS Flash Alert



2019-021 | February 6 2019

## Belgium - Parliament Approves New Reporting, Withholding Obligations

Belgium's parliament approved in plenary session a law organizing the introduction of a reporting and withholding tax obligation for all Belgian employers with respect to remuneration paid to or granted to their employees by a foreign parent company or affiliate.<sup>1</sup>

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### WHY THIS MATTERS

Employers will need to adjust their procedures and practices because the new rules impose additional reporting/declaration requirements regarding remuneration paid by a foreign parent company or affiliate, and the form that must be submitted.

As the reporting and withholding obligations are on the Belgian employer, communication between the Belgian subsidiary and the foreign parent company will be essential.

The new policies and procedures could increase compliance responsibilities on employers and add to both the costs and administrative burden related to managing overseas employees coming to Belgium.

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### New Legislation

The law introduces a reporting obligation (form 281) and a withholding tax obligation.

The reporting obligation and the withholding tax obligation with respect to remuneration paid by a foreign parent company or affiliate – applicable regardless of whether the Belgian employer has been involved – is introduced for income paid or attributed as **from 1 March 2019.**

For prior coverage, see GMS [Flash Alert 2018-139](#) (25 October 2018).

## Transitional Regime

A transitional regime is also foreseen for the period **between 1 January 2019 and 28 February 2019**. There is no requirement for the withholding tax to be applied on the remuneration paid during this period, but this income will also have to be reported to the tax authorities on a specific form with the deadline set at 1 March 2020. The model of the form will be specified by Royal Decree.

## Penalties

The adopted text also adds penalties for non-compliance in respect of the new obligations. A fine of 10 percent of the accrued or paid remuneration to the Belgian employee will apply.

No fine will be due if the taxpayer can prove the remuneration has been included in the employee's income tax return.

## Next Steps

The new law has yet to be published in the Official Gazette (*Moniteur Belge/Belgisch Staatsblad*).

## FOOTNOTE:

1 For the text and status of the law (in French), *Projet de loi portant des dispositions fiscales, de lutte contre la fraude, financières et diverses*, on the Web site of Belgium's parliament, click [here](#).

In Flemish, *Wetsontwerp houdende fiscale, fraudebestrijdende, financiële alsook diverse bepalingen*, click [here](#).

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## Contact us

For additional information or assistance, please contact your local GMS or People Services professional or one of the following professionals with the KPMG International member firm in Belgium:



**Ferdy Foubert**  
Tel. +32 2 708 38 17  
[ferdyfoubert@kpmg.com](mailto:ferdyfoubert@kpmg.com)



**An-Sofie Jehaes**  
Tel. + 32 2 708 41 05  
[ajehaes@kpmg.com](mailto:ajehaes@kpmg.com)

**The information contained in this newsletter was submitted by the KPMG International member firm in Belgium.**

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