

GMS Flash Alert

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Belgium - Guidance on Expat Tax Regime and Tax-Free Expense Allowances

In our 12 January 2022 [report](#), we provided the latest update on the new legislation reforming the Belgian expatriate tax regime, which entered into force on 1 January 2022.¹

The Belgian social security authorities have now published their position on the treatment of the tax-free lump-sum expense allowances in the new expatriate tax regime.²

The changes implemented by the law of 27 December 2021³ significantly impact the tax treatment of expatriates in Belgium. The law provides that the costs proper to the employer⁴ which are considered tax-free are equal to 30 percent of the gross remuneration with a cap of EUR 90,000.

WHY THIS MATTERS

The position of the Belgian social security authorities is welcome news for employers and employees benefitting from the new Belgian expatriate tax regime. The transparency and unified approach created with this position should foster effective implementation of this regime and, thereby, appeal to qualified employees.

The changes that are part of this law, now in force, will significantly impact the tax treatment of expatriates in Belgium and international assignment policies. The costs of sending expatriate employees to Belgium are likely to be affected. Global-mobility programme managers should be evaluating the impact of this change on their programmes, and may wish to consult with their global-mobility service providers.

More Details

The social security authorities have now confirmed their position and consider these costs proper to the employer as exempt from social security contributions. The social security authorities hereby align their position with the tax authorities and so follow their previous position on the old Belgian expatriate tax regime in which no Belgian social security contributions were due on the tax-free allowances.

The Royal Decree of 28 November 1969⁵ still has to be amended in order to make this position on the exemption for social security official.

FOOTNOTES:

1 See the new law (in Dutch) at: <http://www.ejustice.just.fgov.be/eli/wet/2021/12/27/2021043625/staatsblad> .

2 See [Administratieve instructies / 2021-4 \(socialsecurity.be\)](#) (Dutch text) and [Instructions administratives / 2021-4 \(socialsecurity.be\)](#) (French text).

3 See ["27 December 2021 - Programmawet" \(fgov.be\)](#) (Dutch text) in the *Moniteur Belge/Belgisch Staatsblad* and [LOI - WET \("27 Decembre 2021 - Loi-programme"\) \(fgov.be\)](#) (French text) on the e-Justice website: <http://www.ejustice.just.fgov.be>.)

4 "Cost proper to the employer" is terminology used in the Belgian Income Tax Code and refers to costs are inherent/specific to the professional activity. When an employer reimburses such costs, this is not considered taxable income.

5 *28 November 1969. - Koninklijk besluit tot uitvoering van de wet van 27 juni 1969 tot herziening van de besluitwet van 28 december 1944 betreffende de maatschappelijke zekerheid der arbeiders. (fgov.be) (Dutch text) / 28 Novembre 1969. - Arrêté royal pris en exécution de la loi du 27 juin 1969 révisant l'arrêté-loi du 28 décembre 1944 concernant la sécurité sociale des travailleurs. (French text on the e-Justice website: <http://www.ejustice.just.fgov.be>.)*

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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 2708 3817
ferdyfoubert@kpmg.com



Ilse De Mesmaeker
Tel. + 32 2708 37 37
idemesmaeker@kpmg.com

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

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