

Common deductible income tax and VAT costs

	Income tax (2026 assessment year)	VAT
1. Car costs - costs of passenger cars		
General rule	<ul style="list-style-type: none"> ▶ Formula for determining the deduction limitation: 120% - (0.5% x coefficient x CO₂ emission). This coefficient equals 1 for cars with a diesel engine, 0.95 for petrol cars and 0.90 for natural gas cars; ▶ For plug-in hybrids ordered as from 1/1/2018 with a battery capacity of < 0.5 kWh per 100 kg of car weight or an emission exceeding 50 g/km*, the deduction limitation is calculated based on the CO₂ emissions of a corresponding model with an internal combustion engine or the CO₂ emissions multiplied by a coefficient of 2.5; ▶ *Or 75 g/km if the emission is calculated according to Euro 6e1-bis. ▶ Tax deduction limited to at least 50%, except for cars with a CO₂ emission of 200 g/km (at least 40% deduction). From assessment year 2026, this will only apply to cars purchased before July 2023. For cars purchased between July 1, 2023 and December 31, 2025 the maximum will be 75%, the limitation of the deduction to 50% or 40% no longer applies and the deduction is determined based on the formula only. For cars for which no data regarding CO₂ emission are available at the Vehicle Registration Office, the deductibility is 0%. ▶ Costs of electric cars are 100% deductible ▶ 1 July 2023: taxes on fossil fuel vehicles (including plug-in hybrids and full hybrids) purchased, leased or rented from this date (the date of the order being decisive) will be gradually reduced from fiscal year 2026. ▶ Vehicles purchased or leased from January 1, 2026 (assessment year 2027) with CO₂ emissions exceeding 0 g/km will no longer qualify for the deduction. In personal income tax, there is an exception for plug-in hybrids for costs such as maintenance, parking costs, insurance,... ▶ Read the rules 	<ul style="list-style-type: none"> ▶ New cars as from 1/1/2013: VAT max. 50% deductible (and limited to the portion for professional use); ▶ For mixed use, 3 methods are possible (AAFisc Circular no. 36/2015 dated 23/11/2015): <ol style="list-style-type: none"> 1) Actual professional use: $\left[\frac{\text{Total number of km} - \text{commuting (x2)} - \text{private km}}{\text{Total number of km}} \right] \times 100 = \% \text{VAT deduction}$ 2) Semi-fixed amount % private: $1 - \left[\frac{200 \text{ days} \times \text{commuting (x2)} + \text{flat rate of 6,000 private km}}{\text{Total number of km on an annual basis}} \right] \times 100 = \% \text{VAT deduction}$ 3) General fixed amount of 35% (for at least current year + next 3 calendar years).
	<ul style="list-style-type: none"> ▶ Deduction limitation according to CO₂ emissions as from assessment year 2019 also applies to personal income tax for cars purchased (ordered) as from 1/1/2018. There is a choice for cars purchased before this date. Deductible for at least 75% for car costs (and fuel costs). 	
Exceptions		
Fuel costs	<ul style="list-style-type: none"> ▶ Tax deduction depending on CO₂ emissions (general rule). ▶ From 1 January 2023, application of a 50% ceiling on petrol or diesel costs relating to the use of a plug-in hybrid vehicle. This ceiling does not apply to electricity costs which remain 100% deductible. 	<ul style="list-style-type: none"> ▶ VAT deductible for professional use (see general rule) with a max. of 50%.
Interest charges	<ul style="list-style-type: none"> ▶ 100% deductible (if separate on invoice and contract of at least 24 months); see general rule for rental fees. 	<ul style="list-style-type: none"> ▶ VAT deductible for professional use (see general rule) with a max. of 50%.
Taxi costs	<ul style="list-style-type: none"> ▶ General rule, but tolerance: 75% deduction. 	<ul style="list-style-type: none"> ▶ VAT 100% deductible (if professionally-related).
Car costs passed on	<ul style="list-style-type: none"> ▶ Deductible to a limited extent on the part of the party issuing the invoice (100% deductible on the part of the receiver). As from assessment year 2019, deduction limitation based on CO₂ emissions of the end-user if the costs are passed on by a third party and the costs are mentioned separately on an invoice. ▶ Recharging fees must be done "strictly without modification and without profit margin (1 to 1)". 	<ul style="list-style-type: none"> ▶ For the issuer of the invoice: VAT 50% deductible (except for limited exceptions) ▶ For the recipient: <ul style="list-style-type: none"> • Passed-on cost as part of the main transaction: deductibility is determined by the main transaction; • Charging the cost per se: deductible according to professional use with a maximum of 50% (general rule); • Passed-cost as an advanced cost: this cost does not belong to the taxable base and is therefore not subject to VAT.
Reimbursement of car costs to employees/directors	<ul style="list-style-type: none"> ▶ Tax deduction depending on CO₂ emissions (general rule). Reimbursement commuting travel on pay slip 281.10: 100% deductible. 	/
If fuel costs are paid either in part or in full, 40% of the BIK. If fuel costs are not paid, 17% of the BIK.	<ul style="list-style-type: none"> ▶ 100% non-deductible (not to be included in car costs). 	/
Rent, leasing, etc.	<ul style="list-style-type: none"> ▶ Deductible to a limited extent depending on CO₂ emissions. Exceptions: financing charges and radiotelephone. 	<ul style="list-style-type: none"> ▶ VAT deductible according to professional use with a maximum of 50%: general rule.
2. Reception and reception costs		
General rule	<ul style="list-style-type: none"> ▶ 50% deductible (including non-deductible VAT). 	<ul style="list-style-type: none"> ▶ VAT non-deductible.
Exceptions		
Promotional events, product launches, open house days and demonstrations (PR-related)	<ul style="list-style-type: none"> ▶ In principle, general rule. Costs relating to premises, depreciation, staff, furniture, etc.: 100% deductible + 100% deduction for the costs of goods and promotional items. 	<ul style="list-style-type: none"> ▶ Court of Cassation dated 8/04/2005 and 15/06/2012 and decision E.T. 124.247 dated 13/03/2015: <ul style="list-style-type: none"> • Costs that only create overall positive conditions: VAT non-deductible; • Costs that promote direct sales and publicity for certain products and services (= often a question of facts): VAT 100% deductible.

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3. Corporate gifts		
General rule	▶ In case the value is lower than EUR 125: 50% deductible (including on the non-deductible VAT).	▶ VAT deductible for a single trade gift per business relation per calendar year of which purchase or cost price < EUR 50 (excl. VAT). Purchase or cost price > EUR 50 (excl. VAT) per gift or multiple low value trade gifts during a calendar year to one single business relation: VAT is non-deductible.
Exceptions		
Sponsoring	▶ Compensation is effectively 'advertising': 100% deductible.	<ul style="list-style-type: none"> ▶ Sponsoring via payment: if advertisement 'received' as a consideration: VAT deductible, if there is receipt of compliant invoice (unless the sponsored party is not subject to VAT); if no advertisement 'received', no VAT repercussions; ▶ Sponsoring via exchange of benefits (sponsoring in exchange for advertisement): VAT deductible, if there is mutual invoicing with VAT of every transaction (unless the sponsored party is not subject to VAT); ▶ Sponsoring without consideration: VAT on the sponsored good must be corrected.
Gifts	<ul style="list-style-type: none"> ▶ Gift > EUR 125. ▶ 100% deductible on condition that it is reported on the 281.50 form, namely represents BIK for acquirer. 	<ul style="list-style-type: none"> ▶ Commercial gifts are VAT deductible provided that: <ul style="list-style-type: none"> • The gifts are granted to a business relation (for a single gift per business relation per calendar year); • The gifts are not tobacco or spirits; • The purchase value is < EUR 50, VAT excl.; • The gifts are not a promotional item.
Promotional items	▶ 100% deductible on condition that the name of the company remains permanently and noticeably on the object, the object has a low value and that it is widely distributed.	<ul style="list-style-type: none"> ▶ VAT 100% deductible (except for reception costs) if: <ul style="list-style-type: none"> • The articles are intended for a large-scale distribution i.e., not only for a limited category of customers or business relations); • The articles have a low value for those who receive them; • The articles obviously and permanently bear the name of the gifting company (i.e., no consumables).
Commercial samples	▶ Products that the company itself sells: 100% deductible.	▶ VAT 100% deductible on condition that the costs are deductible in the income tax.
4. Social benefits		
General rule	▶ 100% non-deductible.	<ul style="list-style-type: none"> ▶ Benefit granted of personal nature: VAT non-deductible. ▶ Benefit granted of group-nature: VAT deductible.
Exceptions		
Free distribution of soup, coffee, soft drinks and/or fruit to staff during working hours	▶ 100% deductible.	▶ VAT 100% deductible.
Vocational training for staff for specific vocational training sessions	▶ 100% deductible.	▶ VAT 100% deductible.
Meal Vouchers	▶ Employer contribution deductible for EUR 2/voucher distributed on condition that a maximum employer contribution amounts to a voucher amount of EUR 6.91, the employee contribution comprising a minimum of EUR 1.09.* As of 1 January 2026, it will be possible to grant meal vouchers of EUR 10, provided that the employer cost amounts to EUR 8.91 per voucher. The employer contribution is then tax-deductible for EUR 4 per voucher issued.	▶ VAT on transactions of the company issuing the meal vouchers: 100% deductible.
Eco vouchers, sports and culture vouchers	▶ Under certain conditions, they are treated as an exempt benefit on the part of the beneficiary. However, cost is 100% non-deductible for issuing company.	▶ VAT on transactions of the company issuing the eco-vouchers: 100% deductible.
Gifts to staff	<ul style="list-style-type: none"> ▶ 100% non-deductible for the employer unless gifts are for ALL employees and: <ul style="list-style-type: none"> • Max. EUR 40/year/employee on the occasion of an annual event (e.g., Christmas, birthday) and 40 EUR/year/ dependent child for Saint-Nicolas; • Max. EUR 120/year/employee on the occasion of a commendation for good service; • A minimum total amount of 120 EUR and maximum EUR 40 per full-service year upon retirement of employee (however, for social security a maximum of EUR 1000 applies); • Marriage or legal cohabitation: EUR 245. 	<ul style="list-style-type: none"> ▶ VAT non-deductible, unless the following conditions are met: <ul style="list-style-type: none"> • The gifts are distributed to ALL staff members (or children of staff members who meet a predetermined age category); • The purchase price (or normal value) is < than EUR 50 excl. VAT; • The gifts are not tobacco products or spirits. <p>Please note: VAT deduction only permitted on one single occasion-related gift per beneficiary per calendar year.</p>

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5. Restaurant costs		
General rule	▶ 69% deductible (including on the non-deductible VAT).	▶ VAT is non-deductible.
Exceptions		
Restaurant costs for staff tasked with providing goods or services outside the company	▶ General rule. Deduction of meal allowance included in daily allowances: see point 6. Costs included in fixed allowances.	▶ VAT 100% deductible if a correct invoice has been issued in the name of the purchaser (a simple VAT receipt is not sufficient).
Passing on of restaurant costs	▶ For the issuer of the invoice: 69% deductible. ▶ Exception: costs passed on separately on the invoice: 69% deductible for the recipient and 100% deductible as a professional cost for the issuer of the invoice, provided that the cost is mentioned explicitly and separately on the invoice.	▶ Passing on of the cost as part of the main transaction: follows the VAT scheme of the main transaction. ▶ Passing on of the cost per se: non-deductible for recipient; deductible however for the issuer of the invoice.
Restaurant costs related to seminars on training day	▶ 69% deductible if broken down by invoice, if not there is a risk that full invoice will be subject to deduction limitation.	▶ VAT on meal cost non-deductible. ▶ VAT on the costs of seminar/training deductible, however, if appended separately.
Restaurant costs included in hotel bill		▶ VAT non-deductible unless: <ul style="list-style-type: none"> • Restaurant costs for staff tasked with providing goods or services outside the company; • Passing on of restaurant costs per se.
6. Costs included in fixed allowances		
General rule	▶ These costs follow the deduction regime of the disallowed expense concerned.	/
▶ Employer costs considered as a disallowed expense included in fixed allowances.	▶ 100% deductible if cost incurred by staff delivering specific goods or providing a specific service outside the company (the assignment lasts at least 6 hours - lump sum for 'business trip').	
▶ Meal allowance included in daily allowances.		
7. Unreasonable (professional) expenses		
General rule	▶ Non-deductible (always to be assessed on a case-by-case basis as this is a question of facts).	▶ VAT non-deductible (always to be assessed on a case-by-case basis as this is a question of facts).
8. Taxes		
General rule	▶ Non-deductible (if they have negatively influenced the taxable income).	/
Exceptions		
Immovable withholding tax	▶ 100% deductible.	/
Municipal and provincial taxes	▶ 100% deductible (most regional taxes are non-deductible).	/
Main exceptions:	▶ 100% deductible.	/
▶ Excise and customs duties;		
▶ Regional taxes on gambling and entertainment equipment;		
▶ Foreign taxes withheld or paid on foreign professional income*.		
* Non-exhaustive list		

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