BDO

THE NEW EXPAT REGIME - technical details

The new expat regime is applicable for employments starting as of 1 January 2022. The Belgium tax authorities differentiate between ‘regular’ incoming taxpayers (BBIB/RSII) and incoming researchers (BBIO/RSICI)

QUALIFYING CONDITIONS FOR THE INDIVIDUAL

- Employee or company director;
- Absence of connection with Belgium during a period of 60 months prior to the arrival in Belgium:
  - not been taxed as a resident taxpayer in Belgium;
  - not been living at a distance of less than 150 km from the Belgian borders (even prior to assignment);
  - not been taxed as a non-resident on Belgian professional income.
- There is no foreign citizenship requirement;
- Minimum gross compensation threshold: € 75.000 per calendar year. This threshold includes the gross salary, guaranteed variable compensation and the benefits in kind. It does not include the 30% tax-free allowance.

  Exception for researchers

  The threshold of € 75.000 will not be applicable for researchers who spend at least 80% of their professional time on research activities and meet the following conditions:
  - They hold at least one of the of master’s degrees included in the list in the law; OR
  - They have at least 10 years of relevant experience in the areas.

QUALIFYING CONDITIONS FOR THE EMPLOYER

- The expatriate must be recruited from outside Belgium by a resident company, a Belgian establishment of a foreign company or a non-profit association; OR
- The expatriate must be assigned or transferred within a multinational group or non-profit organization.

BENEFITS OF THE NEW REGIME

- The employer may reimburse or compensate the expatriate on a tax-free basis for a maximum of 30% of the gross remuneration. The maximum tax free amount is capped at € 90.000;
- This ‘30%’ allowance is exempted from Belgian social security as well;
- The reimbursement of school fees, moving and installation costs can still be considered as costs proper to the employer on top of the 30% compensation;
- The new regime is no longer exclusively linked to the employer. Therefore, it could continue to apply when there is a change of employer.

MAXIMUM DURATION

- The new regime will apply for an initial 5 year period with a possible 3year extension (extension to be filed utterly 3 months after first 5 year period).

BELGIAN TAX RESIDENCY

- Standard residency rules included in the Belgian income tax legislation/double tax treaties will apply;
- Qualifying expatriates will need to report their worldwide income in Belgium if they are considerate as a Belgian tax resident;
- If the expatriate does not qualify as a Belgian resident taxpayer, requirement to provide a certificate of tax residency from another country.

ATTENTION POINTS FOR THE EMPLOYER

- File a joint application within **3 months** after the start of the Belgian employment/assignment;
- Additional information should be mentioned on the annual tax forms 281.10 or 281.20, allowing the Belgian tax authorities to perform the necessary verification, as to the correct continued application of the expat regime;
- The new method of calculating the cost proper to the employer means that the employment contract (and annexes) will also have to refer to the tax free allowance calculation;
- The new system has an impact on the usual remuneration systems. It might be necessary to adjust the remuneration policy;
- From now on, Belgian companies can also apply the new system. Even if they are not part of an international group, or if their expatriate employee has the Belgian nationality;
- The new legislation is still very recent. It is therefore imperative to be vigilant for any additional clarifications.

HOW CAN BDO HELP SUMMARY

- Cost calculation for the employer as well as for the expatriates;
- Prepare the application request on behalf of the employee and employer;
- Communication on the current and future changes;
- Review of existing employment contracts or drafting of addenda when necessary;
- Amendments of compensation packages;
- Information sessions;
- ...

Want to learn more about the expatriate tax regime? Contact one of our specialists:

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