

Belgian tax measures



As from 18 March 2020, the Belgian government published various tax measures in order to deal with the economic impact of the COVID-19 crisis. Hereby an overview of the most relevant measures that have been adopted.

Compensation for mandatory closure of businesses

On 18 March the Belgian Government announced that almost all shops must close. In order to mitigate the financial impact for these companies, the Flemish Government announced that businesses in the Flemish region can request a compensation. Businesses which are mandatorily closed entirely are entitled to a lump-sum compensation of €4,000 while businesses which can remain open on weekdays are entitled to a compensation of €2,000. If companies are required to remain closed after 4 April, they are entitled to an additional compensation of €160 per day. The Walloon government foresees a lump-sum indemnity of 5,000 euros for businesses and €2,500 for businesses that have to change their opening hours. Funds are also made available in the Brussels region for similar measures. These compensation payments are not taxed.

Deferral of tax payments

Federal level

The Federal Tax Authorities have announced to grant an automatic extension of the payment date for VAT and wage withholding taxes of 2 months (without penalties or interest becoming due). Consequently, these payment dates are automatically extended as follows:

Type taxpayer	VAT – extended payment date	Wage withholding tax – extended payment date
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Monthly
return – 20 May 13 May
February 2020 2020
2020

Monthly
return – 20 June 15 June
March 2020 2020
2020

Quarterly
return – 20 June 15 June
Q1 2020 2020

Customs & Excises also amended the electronic customs portal PLDA and extended payment terms from one week to four weeks for (a) excise duties and packaging levy on alcohol and alcoholic and non-alcoholic beverages; and (b) import VAT. This extension of payment terms applies until 30 June 2020 and only to the abovementioned taxes in PLDA.

With respect to the payment of corporate income tax (resident and non-resident), personal income tax (resident and non-resident) and legal entities tax, the usual payment terms are automatically extended with a period of 2 months (in addition to the normal payment term and without late payment interest becoming due) for all taxes assessed as of 12 March 2020.

Companies facing financial difficulties as a direct result of the Corona virus pandemic, regardless of their activity or sector, can additionally request a number of tax and social security support measures from the Federal Tax Authorities, which should allow companies to bridge these temporary financial difficulties.

All Belgian registered businesses (both companies and self-employed individuals) are entitled to these measures if it can be shown that they have incurred nuisance from the spreading of the Corona virus and the correlating measures, which can be either direct (e.g. significant decrease in turnover) or indirect (as a consequence of a chain-reaction, e.g. partner companies suspending business). Companies which are in structural financial distress (i.e. companies already facing financial difficulties prior to the Corona outbreak in Belgium) can in principle not benefit from these measures.

The support measures consist of (i) a further deferral of payment, (ii) a waiver of late payment

interest and (iii) a waiver of late payment fines. These measures can be requested for VAT, wage withholding tax, corporate income tax, personal income tax and legal entities tax. A company can request to apply (one or more of) these measures using a form specifically issued for this purpose and should submit a separate request for each individual debt. The form can be found on the website of the Federal Tax Authorities here. In principle, a request can only be lodged after the receipt of an assessment notice or a request for payment. Application of these measures should in any case be requested on 30 June 2020 at the latest.

It should be noted that these supportive measures are conditional upon the timely, correct and complete filing of the relevant tax return. Hence, it is of utmost importance that the relevant tax formalities (e.g. VAT return, income tax return) are duly and timely complied with. In this respect, the Tax Authorities have announced a general extension of the filing deadline (see below).

Regional level

In addition to the above, measures are also announced at the regional levels.

The Flemish Government has for example announced that the road tax collection for assessment year 2020 is postponed for legal entities by four months. Assessment notices sent as from 26 March onwards will immediately show a payment term of six months (instead of the usual two months). For assessment notices that were sent recently and on which a payment term of two months is mentioned, the taxpayer may add four months. No new late payment interest will be charged for that period. Other businesses can flexibly request a repayment plan and, if necessary, a waiver of interest on late payments. In addition, the assessment notices with respect to immovable property tax (onroerende voorheffing / précompte immobilier) which are usually issued in May will be sent out as from September 2020 for legal entities. This means de facto that the payment of immovable property tax is deferred for companies active in the Flemish Region. Other businesses can flexibly request a repayment plan and, if necessary, a waiver of interest on late payments.

The Walloon region foresees for example a suspension of all (regional) tax payments as the deadlines will be extended by the period corresponding to the crisis.

Filing deadlines postponed

Federal level

The Tax Authorities have announced a general extension of the filing deadline: the filing deadline for corporate income tax returns (resident and non-resident) and legal entities tax returns which should have been filed between 16 March 2020 and 30 April 2020, has been extended until 30 April 2020.

Also for VAT purposes, the filing deadlines have been extended. The extended filing deadlines

are shown in the below table:

Type	Extended
taxpayer	filing date

Monthly
return – 6 April
February 2020
2020

Monthly
return – 7 May
March 2020
2020

Quarterly
return – 7 May
Q1 2020

The deadlines for the filing of intra-community reports is extended to the same dates. Furthermore, the general deadline for the annual filing of the VAT client listing is extended until 30 April 2020.

Regional level

Due to the fact that notary offices and citizens may currently not be able to complete all the formalities in time, the Flemish Tax Administration will grant, as a general measure, an extension of two months after the end of the period in which the stricter corona measures apply (at present being 5 April 2020). This implies that:

- no tax increase for a late inheritance tax return will be imposed if the declaration is filed within two months after the end of the period of stricter corona measures. It is not necessary to request for this postponement. If, for example, an inheritance declaration should have been filed by 28 March at the latest, this deadline is now extended to 5 June (i.e. two months after the end of the period of stricter corona measures). The filing deadline is automatically extended if the more stringent measures remain in force for a longer period.
- no tax increase will be imposed if the period within which a deed must be submitted for

registration is exceeded. The period is automatically extended if the more stringent measures remain in force for a longer period. If, for example, two parties agree to sell an immovable property and this sale should be registered by 28 March, this deadline is now extended to 5 June (i.e. two months after the end of the period of stricter corona measures). The filing period is automatically extended if the more stringent measures remain in force for a longer period. In addition, the period of time to comply with the conditions to maintain a favourable regime is similarly extended with 2 months.

Tax audits postponed

Due to the exceptional circumstances linked to the coronavirus (COVID-19), the Tax Authorities will postpone its non-essential and/or less urgent tax audits. Only the audits necessary to protect the financial interests of the State are retained. Audits that can be carried out remotely still take place.

International measures for certain employees living cross-border and working at home

Although income from employment is generally taxable in one's "home" state, employees which are active in a cross-border context (e.g. Dutch residents working in Belgium or vice-versa) are often taxed in the country in which they are economically active (the "work" state), provided that a minimum amount of the (professional) time is effectively spent in that country (specific conditions apply depending on the country in question).

Considering the general advice of the Belgian (and foreign) authorities to telework to the largest extent possible, the period spent in the work state by these employees could significantly decrease, which could potentially limit the work state's right to tax the professional income, or even entirely shift this right to tax to the home state of the employee concerned. It is thus very important to keep record of the days that the employee(s) concerned have worked from their home office, in order to assess any changes to the applicable tax regime.

Specific agreements have been made regarding employees commuting between Belgium on the one hand, and Luxembourg, respectively France on the other hand. Employees commuting between Belgium and Luxembourg are taxable on their professional income in the work state if any professional activity physically carried on outside this work state is limited to a period of maximum 24 days, unless force majeure can be shown. In light of the current limitations on travel, the Belgian and Luxembourg authorities have expressed their intention to qualify the present situation as such force majeure: the period spent by the employee in his home state for the purpose of teleworking, will not be considered for the calculation of the aforementioned 24-day limitation. A similar agreement has been reached between France and Belgium on the 30-day rule under the Belgium-France tax treaty. For both tax treaties, this measure is effective as of March 14 and applies until further notice.

Ruling on tax-free allowance for teleworking

Due to the measures taken in the fight against the coronavirus, the Ruling Commission is willing to provide a ruling confirming that the employer can temporarily give its employees, regardless of their job category, a tax-free allowance of up to EUR 126,94 per month to cover the costs caused by teleworking, such as heating, electricity, paper, etc.

The Ruling Commission has prepared a standard application for this. This draft application can be found [here](#). The Ruling Commission announced to handle the ruling request within a short timeframe.