

## **BELGIUM – TAX CONSIDERATIONS ON SHORT-TERM LETS**

The following information is a guide that can help you get started in learning about some of the tax requirements that might apply to you when providing short-term accommodation in Belgium.

Taxes can be tricky and it is important to ensure that you keep up to date with your tax obligations and remain tax compliant. The timely preparation, filing and payment of taxes are your responsibility.

If you are supplying short-term accommodation in Belgium, you should make sure that you understand each of the following types of taxes, and pay the ones that apply to you:

- Income taxes
- Value added tax (VAT)

Please understand that this information is not comprehensive, and is not intended to be legal advice. If you are unsure about your local tax obligations, we encourage you to check this with official local sources, or to seek advice from qualified professionals.

Please note that we do not update this information in real time, so you should confirm that the laws or procedures have not changed recently.

We draw your attention to the fact that Airbnb may have an obligation to report income earned by users of the platform. Therefore, if there is a mismatch between the information reported by Airbnb and the income you reported in your annual income tax return, the tax authorities may ask you questions.

### **INCOME TAX**

When an individual earns income in Belgium, you will be required to pay taxes, *i.e.*, a percentage of this income, to the Belgian tax authority. Below is a brief outline of the tax that may arise on income earned from the rental of short-term accommodations in Belgium and some information on how this tax can be paid to the Belgian tax authorities.

**Belgium's tax year** runs from 1 January to 31 December.

#### **Coming within the charge to income tax in Belgium**

All Belgian resident taxpayers who receive taxable income have a tax filing obligation

in Belgium.

### **Belgian income tax rates**

The tax rate applied depends on the type of income received. The tax rates applied can be progressive or flat.

Outlined below are the progressive tax rates that may apply (income year 2022):

- 25% on income from €00.01 to €13,870.00;
- 40% on income from €13,870.01 to €24,480.00;
- 45% on income from €24,480.01 to €42,370.00;
- 50% on income over €42,370.00.

Immovable income is globalized together with professional income and progressive tax rates apply on globalized revenue.

By way of explanation, immovable income refers to income from real estate and movable income relates to renting a furnished property. Therefore, if you rent a furnished property you will receive both immovable and movable income. Miscellaneous income refers to income from the non-professional provision of additional services, which will be further explained below.

Taxation of income from the rental of short-term accommodations will be discussed in more detail under “Belgian specific rules applicable to income earned in relation to short-term lets”.

Where you have any doubt regarding the reporting of your income for tax purposes, you should consider whether it may be appropriate to seek advice from a professional tax advisor or accountant to assist in completing your tax return.

### **Reporting income in Belgium**

When reporting your income to the Belgian tax authority you can fill out a regular paper tax form or use the electronic tax return provided by the Belgian tax authorities, [Tax-on-Web](#).

### **Reporting income - filing deadline**

Please note that the exact dates for filing the 2022 income tax returns have not yet been confirmed by the Belgian tax authority. However, if you are a Belgian resident and you are filing a paper return, the deadline for filing is generally the end of June following the end of the income year. If you are filing your tax return electronically, the filing deadline is generally a date in July following the end of the income year e.g., for income year 2022 the deadline for filing will be a date in July 2023 to be confirmed.

If a proxy holder – that is, an accountant or tax service provider – is filing a tax return for a client, they have as a matter of principle until end of October to file an electronic tax return e.g., for the income year 2022 tax return, the deadline for filing is a date in October 2023 to be confirmed.

If you are non-resident, the due date for filing paper tax returns is usually a date in November (yet to be confirmed) following the end of the year. For electronic filings the legal due date is generally in the course of the month of December following the end of the income year.

As noted above the exact dates for filing the 2022 tax return have yet to be confirmed by the Belgian tax authority.

### **Reporting income - payment deadline**

When you receive a notice of assessment from the Belgian tax authority, you have two months following the issuance of this assessment to pay any tax due. Belgian tax authorities have in principle until 30 June of the year following the tax year (the tax year is the year following the income year) to issue the notice of assessment (*i.e.*, for income year 2022, end of June 2024).

### **Belgium Tax Authority contact details**

Further contact information can be found on the Belgian tax authorities' website below.  
<http://ccff02.minfin.fgov.be/annucomp/main.do>.

### **Belgian specific rules applicable to income earned in relation to the rental of short-term accommodations**

If you rent out part of a property which is also your own dwelling, this rental income is taxed at the progressive tax rates outlined above. This calculation is based on the deemed rental income (the so-called cadastral income) in proportion to the part of the property rented, and the period during which the property was actually rented during the income year (on a daily basis).

If you rent out part of a property which is not your own dwelling (second residence), this rental income is taxed at the progressive tax rate, based on the deemed rental income of the entire property and the entire calendar year (*i.e.*, not on the actual rental income), except if your activity is considered to be a professional activity.

In cases where the property is furnished, you will also be taxed on movable income which corresponds to 40% of the global revenue of the rental. Movable income is taxed at 30% plus communal taxes between 0 to 9%, depending on the commune of residence.

Finally, if you provide additional services such as cleaning, breakfast, linens, etc., you will also be

taxed (tax rate: 33% + communal taxes from 0 to 9%) on this miscellaneous income. This miscellaneous income should be separated from global revenue of the rental.

Please note that different rules apply if rented to corporations or individuals who are using the rented property for professional purposes. This analysis applies for lettings to individuals for their private use. Other rules will apply if your renting activity is such that it is considered to be a professional activity.

### **Typical expenses that can be deducted from an individual's income in relation to short-term lets**

Belgian rules around tax deductions for the interest incurred on the mortgage and the capital amount of your mortgage are very specific (notably in function of the region in which you reside and the date into which the mortgage has been entered) and must be analyzed case by case.

In relation to the movable income part, expenses are deductible based on actual expenses (such as bank charges) incurred, or using the legal lump-sum percentage of 50%. In practice, the 50% lump-sum is more favourable for taxpayers.

With respect to the miscellaneous income, any expenses incurred to obtain the income are in principle deductible. This may include water, heat and electricity costs, fire insurance, etc.

### **Deductions available for tax depreciation (e.g., capital allowances / wear and tear)**

You cannot receive a deduction for capital allowances against rental income to the extent that the rental income is not received within a professional activity structure.

Some capital redemption payments made within the scope of a mortgage loan may be deductible. However, mortgage loan deduction rules are very specific in Belgium and should be analyzed case by case.

### **Belgian income tax obligation for non-residents**

In case the property is rented out, you are required to report: 1) the deemed rental income, 2) movable income (if renting a furnished property) and 3) any miscellaneous income (in case additional services are provided).

In certain cases, where the indexed deemed rental income increased by 40% does not exceed €2.500, if you are a non-resident taxpayer you have no filing obligation (if you have no other Belgian sourced income).

If you are a non-resident taxpayer, you must always pay property tax as noted below. You can

read more information on the following Belgian tax authorities' [website](#).

### **Belgian income tax obligations for a Belgian individual in receipt of foreign rental income**

If you are a Belgian resident taxpayer you must declare your worldwide income, including foreign real estate income.

As of income year 2021, a change in the method used for estimating income from real estate located abroad will be made, and the taxable base will be calculated on the basis of the cadastral income of the foreign real estate (i.e., the same notion that is already applied for Belgian real estate in certain cases), and no longer on the basis of the deemed annual gross rental value of the real estate.

The Belgian administration, i.e., the "*Administration Mesures et Evaluations*" ("AME"), should in principle have contacted you to determine the cadastral income of the foreign real estate. For this purpose, the AME will rely on your return for income year 2019, if that return included income from foreign real estate.

The following information will need to have been submitted to the AME at the latest on December 31, 2021:

- a brief description of the real estate;
- the location (country + address or other (e.g. if there is no structured address, the location has to be described))
- the normal sales value of the real estate. If the normal sales value is not known, the price and the year of acquisition will need to be indicated, as well as the cost of any works carried out after the acquisition and the year in which these works were completed.

Note that the cadastral income of the foreign real estate will generally be determined on the basis of the following formula: *actual normal sales value / correction factor x 5.3%*. The correction factor aims to adapt the current value of the real estate to its value at the date of acquisition and ranges from 1.000 (in case the real estate was acquired on/before 1975) to 15.036 (if the real estate was acquired in 2020), 15.018 (if the real estate was acquired in 2021) or 15.011 (if the real estate was acquired in 2022).

In addition to the above, please note that if you buy or sell any immovable property abroad after 1 January 2021, you will have to spontaneously submit a tax return (within 4 months of the acquisition, with a transitional measure during income year 2021). This also applies if there are any relevant changes/works made to your current real estate (within 30 days after the works are completed).

## General property taxes payable

If you own real estate property in Belgium you must pay an annual property tax: 1.25% (for Brussels and Walloon regions) or 2.5% (Flemish region) of indexed cadastral income + provincial and communal surcharges.

## Capital taxes in Belgium.

If you sell real estate property that is not your own dwelling within 5 years after its purchase, you will be taxed on capital gains (degressive) at a flat tax rate of 16.5% + communal surtaxes. Other rules may apply for specific cases *i.e.*, speculation or property inherited or received.

### Sample Tax Computation 1

#### Assumptions:

- An individual is renting out an apartment **that is not his own dwelling**.
- The apartment is furnished and additional services are provided, such as cleaning, linens, etc.
- -Deemed rental income of the apartment is €900 (not indexed cadastral income).
- -Gross revenue from Airbnb for income year is €7,000.
- -Qualified interests paid for mortgage loans are €2,000 during the income year (meeting condition for tax deductibility).
- Expenses made by host to obtain Airbnb gross revenue equal €1,000 / year (fire insurance, water, heat and electricity costs).
- Communal taxes from 0 to 9% are not included.

<b>1. Immovable income</b>	<b>€</b>
Taxable basis: indexed deemed rental income increased by 40% reduced by mortgage loan interests ( $€900 \times 1.9084 \times 1.4 - €2,000$ )	405.20
Applicable tax rate: progressive tax rate = <b>50%</b>	
<b>Taxes Due</b>	<b>202.60</b>
<b>2. Movable income</b>	

Taxable basis: 40% (if nothing is specified in rental agreement) of gross income from Airbnb reduced by legal lump-sum for costs (50%) = €7,000 x 40% x 50%	1,400
Tax rate: <b>30%</b>	
<b>Taxes Due</b>	<b>420</b>
<b>3. Miscellaneous income</b>	
Taxable basis: % (to be estimated if nothing is specified in rental agreement) of gross income from Airbnb reduced by real costs = €7,000 x 20% (estimated) - €1,000	400
Tax rate: <b>33%</b>	
<b>Taxes Due</b>	<b>132</b>
<b>Total Taxes Due - (€173.90+€420+€132)</b>	<b>754.60</b>

### Sample Tax Computation 2

#### Assumptions:

- An individual is renting out **a part of his own dwelling (25%)**
- The part of the dwelling that is rented is furnished and additional services are provided, such as cleaning, linens, etc.
- Deemed rental income of the full dwelling is €900 (not indexed cadastral income).
- Gross revenue from Airbnb for income year is €7,000.
- *Interest paid for mortgage loans are €2.000 during the income year. Given the specificity of mortgage loan deduction for own dwelling, we do not consider this for the sample computation.*
- Expenses made by host to obtain Airbnb gross revenue equal €1.000 / year (fire insurance, water, heat and electricity costs).
- Communal taxes from 0 to 9% are not included.

#### 1. Immovable income

€

Taxable basis: indexed deemed rental income related to the part of the dwelling which is rented (i.e. 25%), increased by 40% (possibly reduced by mortgage loan interests) ( $€900 \times 25\% \times 1.9084 \times 1.4$ )	600.60
Applicable tax rate: progressive tax rate = <b>50%</b>	
<b>Taxes Due</b>	<b>300.30</b>
<b>2. Movable income</b>	
Taxable basis: 40% (if nothing is specified in rental agreement) of gross income from Airbnb reduced by legal lump-sum for costs (50%) = $€7,000 \times 40\% \times 50\%$	1,400
Tax rate: <b>30%</b>	
<b>Taxes Due</b>	<b>420</b>
<b>3. Miscellaneous income</b>	
Taxable basis: % (to be estimated if nothing is specified in rental agreement) of gross income from Airbnb reduced by real costs = $€7,000 \times 20\%$ (estimated) - €1,000	400
Tax rate: <b>33%</b>	
<b>Taxes Due</b>	<b>132</b>
<b>Total Taxes Due - (€291.20+€420+€132)</b>	<b>852.30</b>



## **VALUE ADDED TAX**

Value added taxes can be complicated and you should take time to understand the rules as they apply to you and your particular situation.

Broadly speaking, Value-Added Tax (VAT) in Belgium is a tax on consumption. Most goods and services supplied in Belgium are subject to VAT.

A person who supplies goods and/or services in Belgium may have to charge VAT and pay this to the Belgian tax authority. As with all taxes, we encourage you to consult with a tax advisor regarding your potential VAT obligations in Belgium.

If you are currently renting a room to guests, you may be required to apply VAT to your rental charge and to pay this VAT amount to the Belgian tax authorities. As Airbnb is not supplying the rental, it is the responsibility of the host to consider local VAT obligations of the rental charge.

### **Do I need to collect any VAT from guests if I am letting short-term accommodation in Belgium?**

In general, individuals who are considered to be in business in Belgium need to charge VAT on their supplies, once the criteria for VAT registration is met.

If you let furnished accommodation on a short-term basis with additional services in Belgium, you may be required to register for VAT and to collect Belgian VAT (at the reduced VAT rate of 6%) from your guests.

As a rule, the letting of a furnished accommodation for a period of less than three months is VAT taxable (at the reduced VAT rate of 6%) when one of the following closely related services is provided: reception, weekly renewal of bed linen or daily breakfast. For further guidance on the VAT treatment applicable to furnished accommodations, please see the Belgian tax authorities' [website](#).

There are a number of circumstances where a person who lets accommodation on a short-term basis in Belgium will not have to collect any VAT from guests, such as where you supply unfurnished accommodations (since that is a VAT exempt activity).

Where you supply furnished accommodation and where your total turnover excluding VAT is below €25,000, you may also qualify for the special VAT regime for Small Entrepreneurs, which would mean that you do not need to charge VAT. This is an exception to the general rule, and we encourage you to consult with a local tax advisor to confirm whether this exception may apply to you.

If you are an individual who is not resident in Belgium, but your accommodation is located in Belgium, you will not benefit from the special VAT regime for Small Entrepreneurs and the general rules shall apply to you.

We encourage you to consult a tax advisor if you need assistance in determining whether you need to register for and charge Belgian VAT.

For further guidance on registering for VAT, please see the Belgian tax authorities' [website](#).

### **VAT applies to me. How do I determine how much tax I need to collect from my guests?**

VAT rates differ per country and change periodically. We recommend that you check on a regular basis with the local tax authority to get the most up to date VAT rates for the country where you are required to pay VAT.

For example, at the date of issuance of this document, the Belgian VAT rate applicable to the letting of furnished accommodation is 6%. The supply of furnished accommodation is characterized by a permanent organization allowing the provision of services to guests such as the provision of accommodation with a place to sleep, e.g., a bed or a couch. The length of the guest's stay does not make a difference to the VAT rate that applies.

However, there are other VAT rates (12 and 21%) currently in force in Belgium. Additional or extra supplied services may be subject to a different VAT rate in Belgium, so we recommend that you confirm with a local tax advisor the VAT rate applicable to your supplies.

### **VAT applies to me. How do I collect VAT from guests?**

If you determine that you need to charge VAT on the supplies that you make to guests, please keep in mind that you have to collect this VAT from your guests and report and remit this VAT on a periodic VAT return.

In Belgium, how frequently a VAT return will have to be submitted will depend on whether your Belgian yearly turnover exceeds €2,500,000 (excluding VAT). If your Belgian yearly turnover exceeds €2,500,000, you will be obliged to file monthly VAT returns. If your turnover is beneath this threshold, you can choose between monthly or quarterly VAT returns subject to certain conditions. VAT returns should be filed online via INTERVAT. The VAT return has to be filed and payment has to be made to the Belgian authorities no later than the 20<sup>th</sup> of the month following the reporting period. There is also a requirement to make a VAT advance payment on the 20th of December each calendar year.

If you rent out your accommodation to Belgian VAT registered customers (such as companies) exceeding the yearly €250 (excluding VAT) reporting threshold, you have to submit a yearly

listing indicating the turnover amount of relating to these rentals per Belgian VAT registered customer. This listing is due by 31 March of the following year.

Some formalities, such as issuing a receipt or an invoice to your guests, are required. Please find more information on this [here](#) (please note that an account must be created in order to access this information).

For further guidance on filing returns, please see the Belgian tax authorities' [website](#).

The pricing to guests (private individuals) should be the VAT inclusive price. We recommend that you check your obligations in terms of relevant invoice requirements with a local tax advisor.