

BELGIUM – TAX CONSIDERATIONS ON SHORT-TERM LETTINGS

The following information is a guide 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.

Tax 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.

INCOME TAX

Where an individual earns income in Belgium, you will be required to pay a percentage of the tax on this income to the Belgian tax authority. Below is a brief outline of the tax that may arise on income earned from short-term lettings in Belgium and some information on how this tax can be paid over 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 2018):

- 25% on income from €00.01 to €12,990.00;
- 40% on income from €12,990.00 to €22,290.00;
- 45% on income from €22,290.00 to €39,660.00;
- 50% on income over €39,660.00.

Immovable income is globalised together with professional income and progressive tax rates apply on globalised 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 be in receipt of immovable and movable income. Miscellaneous income refers to income from the provision of additional services, which will be further explained below.

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

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 Belgian tax authorities electronic tax return, [Tax-on-Web](#).

Reporting income - filing deadline.

Please note that the exact dates for filing the 2018 income tax returns have not yet been confirmed by the Belgian tax authority.

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 deadline for filing is generally a date in July following the end of the income year e.g. for income year 2018 the deadline for filing will be a date in July 2019 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 until end of October to file an electronic tax return e.g. for income year 2018 tax return the deadline for filing is a date in October 2019 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 2018 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 to issue the notice of assessment (i.e. for income year 2018, end of June 2020).

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 short-term lettings.

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).

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%.

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.

Typical expenses that can be deducted from an individual's income in relation to short-term lettings.

Interest incurred on the mortgage for your rental property is, in principle, deductible from immovable income. Belgian rules around tax deductions for the capital amount of your mortgage are very specific and must be analysed case by case.

In relation to the movable income part, expenses are deductible based on real expenses incurred or using the legal lump-sum percentage of 50%.

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 their rental income, to the extent that the rental income is not received within a professional activity structure.

Some capital redemption payments made within the mortgage loan scope may be deductible. However, mortgage loan deduction rules are very specific in Belgium and should be analysed 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) a 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 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 rental income. You are required to report your deemed/estimated rental income, if any, a foreign equivalent of the Belgian notion of cadastral income, regardless of the fact that your foreign property is rented or not.

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 + communal surcharges.

Capital taxes in Belgium.

If you sell a real estate property within 5 years after its purchase you will be taxed on capital gains (degressive) at a flat tax rate of 16.5%. 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 **which 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.

1. Immovable income	€
Taxable basis: indexed deemed rental income increased by 40% reduced by mortgage loan interests (€900x1.7863x1.4-€2,000)	250.73

Applicable tax rate: progressive tax rate = 50%	
Taxes Due	125.36
2. Movable income	
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: 30%	
Taxes Due	420
3. Miscellaneous income	
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: 33%	
Taxes Due	132
Total Taxes Due - (€125.36+€420+€132)	677.36

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) ($€900 \times 25\% \times 1.7863 \times 1.4$)	562.68
Applicable tax rate: progressive tax rate = 50%	
Taxes Due	281.34
2. Movable income	
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: 30%	
Taxes Due	420
3. Miscellaneous income	
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: 33%	
Taxes Due	132
Total Taxes Due - (€281.34+€420+€132)	833.34

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 in Belgium, you may be required to register for VAT and to collect Belgian VAT from your guests.

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 accommodation.

Where you supply furnished accommodation and where your total turnover excluding VAT is below €25,000, you may 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, then you should register for Belgian VAT as the general rules apply to you.

Finally, as from 1 January 2019 the letting of existing or new property for a period of maximum 6 months (short-term letting) will be mandatorily subject to the VAT regime in a B2B context (excluding, however, certain categories of taxpayers not having the right to deduct input VAT).

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 you to 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 supply of furnished accommodation is 6% in Belgium. The supply of furnished accommodation is characterised by a permanent organisation 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 applicable.

However, there are other VAT rates 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 20th 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. There is also a requirement to submit a yearly listing with sales to Belgian VAT registered persons exceeding the €250 (excluding VAT) reporting threshold, 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.