

Dear Mr,
Dear Mrs,

Subject - **Belgian income tax return;**
- **Income year 2016 - Tax year 2017.**

As every year, you will soon receive your personal income tax return from the Belgian tax authorities in which you need to declare your 2016 income.

We would be pleased to assist you with the filing of this tax return. If you would like to receive our assistance, we kindly ask you to send us all necessary information **prior to 21 April 2017** in order to allow us to prepare your tax return in due time.

You can send us the original tax form afterwards if you did not receive it yet. In case you do not receive an income tax form before June 1st, 2017 at the latest (and you did not file your 2015 tax return via “Tax on Web” – see further), please let us know, in order to enable us to request one with the competent tax administration.

Please find in attachment a detailed list of the most important types of income and tax deductions, which appear in the 2016 income tax return. Although not all items are relevant for you, with this listing we hope to make it easier for you to collect the necessary information. It is also important to indicate any changes in your civil status (as well as your family on January 1st, 2017).

For income year 2016, there have been some modifications to the tax code. Below you will find an overview of the important modifications.

A. Changes made under the tax-shift

In July 2015, the government adopted a first wave of measures that were part of the announced tax-shift. In 2016, a second wave of measures entered into effect.

The scales and the amount of the lump sum expenses for employees were revised and increased as follows for tax year 2017 (income year 2016).

- 30 % on the first bracket up to 8,450.00 EUR
- 11 % on the second bracket up to 19,960.00 EUR
- 3 % on the third bracket above 19,960.00 EUR

The absolute maximum is € 4,240.00 for income year 2016.

For the remuneration of directors, the lump sum expenses for income year 2016 is calculated as 3% of the income, up to a maximum of 2,390.00 EUR. For salaries of assisting spouses, the lump sum expenses for income year 2016 is calculated as 5% of the income, up to a maximum of 3,980.00 EUR.

The tax brackets were adjusted following the tax shift. This adjustment goes beyond an indexation of the amounts. For tax year 2017, the tax brackets are as follows :

25%	0 – 10,800.00 EUR
30%	10,800.01 EUR – 12,400.00 EUR
40%	12,400.01 EUR – 20,660.00 EUR
45%	20,660.01 EUR – 37,870.00 EUR
50%	37,870.01 EUR - ...

The 25% tax on investment income (interests and dividends) and the withholding tax were increased in a general manner from 25% to 27% for the income year 2016 (30% for the income year 2017).

A speculation tax of 33% was introduced on capital gains on listed shares, options, warrants and other listed financial instruments that were purchased less than 6 months before they have been sold. This speculation tax was levied automatically if the transaction took place via a Belgian intermediary financial institution. The foreign transactions must be included in your tax return. The speculation tax is not applicable on shares, options or warrants, that have been acquired as part of professional remuneration, such as i.a. stock option plans.

Finally, some tax cuts have been removed. As such, no more tax reductions are granted for expenditures for the renovation of a property, with the exception of those related to roof insulation. The transitional provisions for contracts concluded in 2011 and 2012 were removed. In addition, the Brussels Region has abolished the tax reduction for roof insulation, as well as the tax reduction for the renovation of a property leased out at a moderate price. Finally, the Brussels Region has followed the example of the Flemish and the Walloon Region and abolished the tax reduction for expenses related to securing homes against fire and the burglary.

B. Walloon check-habitat

Since the regionalization of residential tax matters from January 1st, 2015, the Walloon Government has implemented for income year 2016 a number of changes to the housing bonus system. These changes came into effect on January 1st, 2016, but only for mortgage loans contracted as of January 1st, 2016.

For loans concluded after January 1st 2016, the Walloon government have introduced the "Chèque Habitat ". To benefit from this "Chèque Habitat", the signed mortgage must be for a minimum of 10 years. It must involve the acquisition of a residential property in Wallonia. The home must be proper, that is to say that it must be occupied by its owner personally, and this should remain so. Finally, the dwelling must be the only one.

The tax benefit is individualized, in the form of a tax reduction that is convertible into a tax credit. The tax benefit will be granted from the tax year following the year of the mortgage conclusion. The tax advantage is granted for a maximum of 20 years. If the ownership condition is no longer met, the right is suspended. The advantage is granted only to (taxable net) incomes that are lower than 81,000.00 EUR.

The tax advantage consists of two amounts. The first amount is variable and calculated based on the income of the taxpayer. The maximum variable amount of 1,520.00 EUR will be granted for net taxable incomes up to 21,000.00 EUR. For net taxable incomes higher than that, the excess over 21,000.00 EUR is multiplied by a coefficient (1.275%) and deducted

from the maximum variable amount. The second amount is a lump sum, namely 125.00 EUR per child. This amount is granted only once per child, and is divided between the two parents.

The tax benefit is granted in full for the first 10 years. The last 10 years it will be reduced by 50%. Finally, the amount of the benefit is limited to the total reimbursement made in that year in capital and interest and the paid premium for individual life insurance related to the mortgage.

C. Obligatory mentions in your tax return

Like last year, you will have to mention the existence of your foreign bank accounts and your foreign individual life insurance contracts in the tax return for 2016.

Like last year, you will also have to mention the foreign legal entities, low or non-taxed, the so called "offshore structures". This means that the founders or (potential) beneficiaries of a legal structure have to mention that they are a founder or a (potential) beneficiary, at their knowledge, of such a legal construction.

Finally, like last year, you will have to identify the foreign legal entities, low or non-taxed, as of this year, by disclosing the full name of the structure, the address of the registered office and the legal form. The identity of the manager of the structure must also be disclosed.

D. Automatic exchange of information - Common Reporting Standard & Directive on mutual assistance

Since January 1st 2016, the Common Reporting Standard system came into force. The Common Reporting Standard (CRS) is an automatic exchange of information organised via the OECD.

Participating countries shall exchange, each year, the following information concerning the financial assets held in a participating country by a resident of another participating country:

1. The name, address, "taxpayer identification number" and the date and the place of birth of each person to be reported ;
2. The account number ;
3. The name and identification number of the financial institution ;
4. The account balance or value at the end of the calendar year or, if the account was closed during the year, at the date when the account was closed.

From January 1st 2017, the following countries will exchange data concerning the year 2016:

Anguilla, Argentina, Barbados, Belgium, Bermuda, the British Virgin Islands, Bulgaria, Cayman Islands, Colombia, Croatia, Curacao, Cyprus, Czech Republic, Denmark, Estonia, Faroe Islands, Finland, Germany, Gibraltar, Greenland, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Mexico, Montserrat, Netherlands, Niue, Norway, Poland, Portugal, Romania, San Marino, Seychelles, Slovakia, Slovenia, South Africa, Sweden, Trinidad and Tobago, the Turks - and Caicos Islands and the United Kingdom.

In 2018, the following countries will start to exchange data concerning 2017:

Albania, Andorra, Antigua and Barbuda, Aruba, Australia, Bahamas, Bahrain, Belize, Brazil, Brunei, Canada, Chile, China, Cook Islands, Costa Rica, Dominica, Ghana, Grenada, Indonesia, Israel, Japan, Kuwait, Lebanon, Marshall Islands, Macau (China), Malaysia, Mauritius, Monaco, Nauru, New Zealand, Panama, Qatar, Saint Kitts and Nevis, Samoa, Saint Vincent and the Grenadines, Saudi Arabia, Singapore, Sint-Maarten, Switzerland, Turkey, United Arab Emirates, Uruguay and Vanuatu.

In 2016, the extended directive on administrative cooperation in the field of taxation entered into force, in order to introduce an extended automatic exchange of financial information in the European Union. This system, similar to the CRS, will provide financial information relating to the income year 2016 between the EU Member States, as from January 1st 2017.

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It will be possible to introduce the data of your tax return directly on the website of the Ministry of Finance. However, we intend to send the tax form by mail to the competent tax administration. If you wish to send your tax form through electronic mail, you can still do this based on the tax return we prepare on paper. Please be aware that you will not longer receive a tax return “in paper form” in case you filed your tax return via www.taxonweb.be last year.

Recently, you may have received your tax assessment relating to income year 2015 (tax year 2016). In case the amounts mentioned in your tax bill do not correspond with the ones declared in your 2015 tax return, you will have **6 months** (as from the sending of the tax assessment) to introduce a tax claim. If requested, we can assist you with the verification of your tax assessment or with a tax claim in case this would be necessary.

Should you have any questions, please do not hesitate to contact us.

Sincerely Yours,

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Enclosure: Data needed to complete your individual tax return 2016 income

**DATA NEEDED TO COMPLETE YOUR INDIVIDUAL TAX RETURN
2016 INCOME**

1. REAL ESTATE:

A. Real estate located in Belgium

Please provide us with (for each spouse individually)

- the non-indexed “*cadastral income*” (i.e. deemed rental value);
- the gross rental income if the lessee is either a company, or an individual who uses the property in whole or in part for business purposes.
- the amount received for the establishment or the transfer of building rights, long lease or a similar immovable right on real estate situated in Belgium;
- the exact date of purchase and sale and the exact purchase and selling price if the immovable property (both land and buildings) was bought or sold in 2016;
- the exact date of its (first) occupation and the modification of the “*cadastral income*” if you rebuilt (or renovated) this immovable property in 2016;
- a list of the real estate used for professional purposes;
- if you possess more than one property in Belgium, the property where you have your primary residence.

B. Real estate located abroad

Please provide us with (for each spouse individually)

- the exact location of the immovable property (including country);
- the actual gross rental income (included rental charges) when the property is let;
- the gross rental value if the property is not let;
- real estate taxes paid abroad;
- the amount received for the establishment or the transfer of building rights, long lease or a similar immovable right on real estate situated abroad;
- the exact date of purchase and sale as well as the exact purchase and selling price if you bought or sold immovable property (both land and buildings) in 2016.

2. MOVABLE PROPERTY:

Please provide us with (for each spouse individually)

- a detailed list of your income from movable property (dividends and interest) as well as rental income from movable property in or outside Belgium, even if a withholding tax was withheld;
- a detailed list of dividends received from Belgian nominal shares emitted after 1 January, 1994 or shares publicly emitted after the same date;
- the issue date of securities which you bought (i.e. which you did not subscribe upon emission);
- date of purchase or sale, issue price and date, expiration date, nominal amount and nominal coupon of fixed-interest bearing securities (debentures or "zero-bonds") which generated interest in 2016 or were sold in 2016;

- precise duration of the disposition of debts, effects of deposit used for your professional activities;
- costs related to the above income from movable property, including the tax paid abroad;
- statements of the life annuities or temporary annuities received (indicating starting and expiration date) as well as the surrendered value;
- detailed list of the income received from copyrights;
- certificate delivered by non-Belgian banks with respect to the application of the European Savings Directive.

3. PROFESSIONAL INCOME:

Please provide us with (for each spouse individually)

- source of income (from paid employment, from self-employed activities, as a member of the board of directors of a company, pension income, unemployment income, etc.);
- a detailed list of all income and benefits (company car (with mention of the list price and CO2 emission), disposal of a residence, provided electricity and heating, PC, awarded stock options before or after 1 January 1999, reimbursement of commuting cost, etc.) received in Belgium or abroad;
- a detailed list of all state and private pension income and any such allowances, as well as annuities, capital and the surrendered value of life insurance policies or savings insurance (with copies of the pension slips and insurance policies);
- a copy of the Belgian and/or foreign salary statement and the individual annual report (281.10, 281.11, 281.14, 281.20 or 281.50, etc.);
- a detailed list of all expenditure made or incurred during 2016 with a view to acquiring or preserving taxable income (in case you do not choose for the lump-sum deduction);
- car expenses, including the distance between your home and place of work, number of working days, purchase price, fuel, financing, mobile phone;
- social security contributions paid by you as a self-employed person (copy of the statement from the payroll office - included certificate of the additional premiums paid by you in Belgium for health care insurance, occupational disability or additional pension - with attestation from the insurer or “mutualité”);
- the amount of the special contribution for the social security paid by your employer if you don't have your Belgian salary statement;
- the certificate relating to the advance tax payments made as a self-employed person;
- the “*cadastral income*” and the gross rental value of immovable property fully or partially let to a company in which you are a director;
- detailed list of social contributions and taxes paid on your income from activities performed abroad.

4. MISCELLANEOUS INCOME:

Please provide us with (for each spouse individually)

- profits or benefits from any service, operation or speculation;
- received alimony payments;
- income from a sublease or transfer of lease of real property;

- gains realised on the transfer of land situated in Belgium or of certain real property rights relating thereto (e.g. usufruct) if the property was sold less than eight years after the acquisition;
- gains realised on the transfer of buildings if the property was sold less than 5 years after the acquisition;
- private capital gains (gains realised by an individual through selling the shares of the private company to a new holding company set up by the shareholder for this purpose only);
- **capital gains on listed shares, options, warrants and other listed financial instruments that were purchased less than 6 months before they have been sold, on which the speculation tax has not been withheld.**

5. TAX DEDUCTIBLE EXPENSES:

Please provide us with (for each spouse individually)

- bank certificates relating to the interest paid on mortgage contracted to buy or build a house (please indicate whether the house was new at the time of acquisition);
- alimony payments (indicating name and address of the beneficiary);
- the amount paid for building rights or long lease;
- interest on loans contracted to subscribe or to acquire stock in a Belgian company in which you are a director and the start date of the loan.

6. TAX CREDIT:

Please provide us with (for each spouse individually)

- certificates relating to donations to recognised organisations;
- certificates relating to day nursery expenses incurred for children (childcare and activities during the vacation) and paid to recognised persons and institutions;
- remuneration paid to (registered) domestic servants;
- (1) tax certificates for the premiums paid in respect of an individual life insurance, (2) tax certificates for premiums paid to a pension savings plan, (3) the sums paid to acquire stock of the company by which you are employed, (4) bank certificates relating to the instalments of a (mortgage) loan (including proof of capital payments);
- in case of re-financing your mortgage, (1) the amount of your first loan and your new loan, (2) the balance and (3) the instalments of your first and new loan ;
- the contributions made to the spouse who helps you as a self-employed person,
- also the tax certificates relating to :
 - energy saving investments in houses (only for roof insulation);
 - the benefit for costs made for the renovation of houses in privileged urban zones;
 - the benefit for services paid by means of service-cheques;
 - the contract of a 'winwinloan' (Flanders region only);
 - the innovation of a rented house (with low rental income);
 - for energy friendly houses (still apply but only in exceptional cases);
 - for loans contracted for financing energy saving investments in a residence;
 - tax credit for loan contracts concluded for the renovation of a residence;
 - the purchase of an electric vehicle (motorcycles, tricycles and quadricycles);...

7. DID YOU (OR A FAMILY MEMBER) HOLD A BANK ACCOUNT ABROAD IN 2016 ?

Please provide us with:

- the name of the holder of the account and the bank account number ;
- the name of the bank, foreign exchange, credit or savings institution ;
- the BIC code of the institution ;
- if the institution does not have a BIC code, the address of the registered office of the institution ;
- the country where the account was opened ;
- the oldest taxable period during which the account existed (between 2011 and 2016) ;
- possible date of closure of the account ;

If you have already submitted a notification of your foreign bank accounts at the Central Point of contact of the National Bank of Belgium, we just need to have the information on bank accounts which were opened in 2016, and the updated information of already reported bank accounts if changes have been made in 2016.

8. DID YOU (OR A FAMILY MEMBER) HOLD A LIFE INSURANCE CONTRACT ABROAD IN 2016 ?

Please provide us with:

- the name of the policy holder of the life insurance contract;
- the country from where the premiums were paid.

9. WERE YOU (OR A FAMILY MEMBER) THE FOUNDER OR (POTENTIAL) BENEFICIAIRY OF A LOW OR NON-TAXED FOREIGN LEGAL ENTITY IN 2016 ?

Please provide us with:

- the name(s) of the founder or the (potential) beneficiaries of the low or non-taxed foreign legal entity;
- full name of the legal entity, legal status, address of the registered office and the identification number;
- name and address of the manager of the legal entity;
- **any income that might have been received by the legal entity in 2016 (We can provide you with a memorandum concerning the Transparency Tax).**

Vandendijk & Partners
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www.vandendijk-taxlaw.be