

Personal & Confidential

Brussels, 28 March 2018

Dear Mr. ,

Subject - **Belgian income tax return;**
 - **Income year 2017 - Tax year 2018.**

As every year, you will soon receive your personal income tax return from the Belgian tax authorities in which you need to declare your 2017 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 2018** 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 have not received an income tax form on June 1st, 2018 at the latest (and you did not file your 2016 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 2017 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, 2018).

For income year 2017, there have been some modifications to the tax code. Below you will find an overview of the most important modifications.

A. Further implementation of the tax-shift

In July 2016, the government adopted a first wave of measures that were part of the announced tax-shift. In 2018, a third wave of measures enters into force.

Most importantly, the tax on investment income (interests and dividends) and the withholding tax were increased in a general manner from 27% to 30% for the income year 2017. No further increase has been announced for the future.

The transparency tax has also been strengthened, introducing a transparent approach to "chain structures". Previously, the ultimate beneficial owner of a dual structure was not targeted by the transparency tax. From income year 2018, life insurances will also be considered as an offshore structure, but only in the case where an offshore structure (eg an offshore company) is transferred into a branch 23 life insurance contract, as a payment of the premium.

There are no changes for the tax assessment of 2018 to the structure of the tax brackets, the amounts of deductible professional costs, etc. The limits of these brackets are increased, both in the context of the implementation of the "tax shift" and in the context of the usual adjustment for inflation.

The speculation tax of 33% on capital gains on listed investments, which was introduced last year, has been abolished. However, we have to inform you that a tax on the securities accounts has been introduced for income year 2018 (tax assessment 2019.). This tax amounts to 0.15% of the total value of the securities accounts held, in case the total value of your securities accounts in the year exceeds 500.000 EUR.

Finally, significant changes have been made to the system of tax exemptions and tax reductions. Starting from the income year 2017, the maximum amounts of the exemptions and reductions will be limited proportionally to the period of residency in Belgium. Targeted by this measure are, for example, the exemption of interest on savings accounts, but also the maximum exemption for the number of hours of overtime, the exemption for commuting, tax credits for long-term savings, the deduction for retirement savings, gifts, the calculation of the marital quotient, etc.

B. Regional changes

The Brussels-Capital Region has profoundly changed the housing tax. For mortgages that have been signed as of January 1, 2017, no tax benefit is granted for personal income tax. The Walloon Region had already abolished these measures in 2016, but introduced a new system of "cheques-habitat". The Brussels-Capital Region is planning an increase in the deduction applied to registration duties for buying a residential house.

We also inform you that the Brussels-Capital Region is the first region to implement an adjustment of the additional regional centimes, following the sixth state reform. The regional centimes are reduced from 35.117% to 34.442%.

C. Obligatory mentions in your tax return

As for 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 2018.

Like last year, you will also have to mention the foreign legal entities, lowly 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 entity.

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

Since January 1st 2017, the Common Reporting Standard system came into force. The Common Reporting Standard (CRS) is an automatic exchange of information organised via the OECD, as well as the EU equivalent of CRS.

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

Albania, Andorra, Antigua and Barbuda, Aruba, Australia, **Austria**, **Bahamas**, Bahrain, Belize, Brazil, Brunei, Canada, Chile, China, Cook Islands, Costa Rica, Dominica, Ghana, Grenada, **Hong Kong (China)** 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.

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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 2016 (tax year 2017). In case the amounts mentioned in your tax bill do not correspond with the ones declared in your 2016 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,

Marc Vandendijk
marc.vandendijk@vandendijk-taxlaw.be

An De Reymaeker
an.dereymaeker@vandendijk-taxlaw.be

Enclosure : Listing of the information needed to prepare your 2017 income tax return.