

Dear all,

## **SOME CHANGES IN THE INCOME TAX LAW AS FROM 2010**

As every year all Belgian residents will soon receive their personal income tax return from the Belgian tax authorities in which the income earned in 2010 should be declared.

We would be pleased to assist you with the filing of your Belgian tax return. Therefore please feel free to contact us at [info@vandendijk-taxlaw.be](mailto:info@vandendijk-taxlaw.be) or by telephone at +32 2 343 33 45.

Hereafter we send you already a summary of some changes in the income tax law which could give you an extra tax saving in this tax return.

### **1. Supplementary municipal tax on movable property**

On July 1, 2010 the Court of Justice condemned the supplementary municipal tax which applies to interests and dividends received by a Belgian resident in another EU-member State without intervention of a Belgian financial institution. As a consequence of this decision, Belgium is not allowed to impose supplementary municipal tax on interests and dividends arising in other Member States of the European Economic Area.

Taxpayers who have paid the supplementary municipal tax during the previous years can rely on this judgment to claim reimbursement by filing a claim against assessment or a request for automatic relief. Please note that in this respect the legal periods have to be respected. We would be pleased to assist you to reclaim these taxes paid.

In your 2010 tax return, all interests and dividends received in another member State which was not subject to Belgian withholding tax, has to be reported separately in order to be able to exempt this income from supplementary municipal tax.

### **2. Increase of deduction for child-care expenses for severely disabled children.**

In principle applies an age limit of 12 years for the deduction for childcare related expenses. However, the age limit is raised to 18 years for costs made as from 1 January 2010 for severely disabled children.

### **3. Decrease of the lump-sum deduction for professional expenses of company directors**

As from the income 2010, the lump-sum deduction for professional expenses of company directors is drastically reduced to restrict the double use of the professional costs between the directors and their company as far as possible.

- On the one hand, the percentage of 5% of the gross salary is reduced to 3%.

- On the other hand, the maximum amount of 3.590 EUR is reduced to 2.150 EUR.

The lump-sum deduction for professional expenses for employees, self-employed persons and assisting spouses is however not affected.

#### **4. Fringe benefit Company cars.**

As from 1 January 2010, in Belgium the benefit in kind for the free disposal of a company car is not longer calculated on the fiscal horsepower of the car but on the CO<sup>2</sup> emission of the car. The minimum of 5,000 or 7,500 km (depending whether the distance between home and the office is less or more than 25km) has not been changed. However, the fringe benefit must be calculated based on the following formula:

- For diesel cars : grams CO<sup>2</sup> emission x 0,00230 x (5.000 or 7.500 km)
- For petrol cars (and LPG) : grams CO<sup>2</sup> emission x 0,00210 x (5.000 or 7.500 km)

The taxable fringe benefit can never be lower than then €0,10 per kilometre. Moreover, the personal contributions are still deductible

#### **5. Deduction limit for car costs**

Up to and including tax year 2010, the costs of passenger cars (including the assimilated with passenger cars, light trucks), cars for double use and mini buses (regarding other professional movements than commuting) are, subject to the income tax deduction limitation of 75% with the exception of fuel costs.

From income year 2010 (tax year 2011), the exception for fuel costs has been abolished. Fuel costs are only deductible for 75%.

#### **6. Tax deduction for electric cars**

From income year 2010, the expenditure for the acquisition by an individual of a new electric vehicle is rewarded with a tax deduction.

This tax deduction amounts for the purchase of a motorcycle, a tricycle or quadric cycle to 15% of the purchase price (VAT included) with a maximum of 4.540 EUR for a quadric cycle and 2.770 EUR for a motorcycle or motor tricycle. The tax deduction amounts to 30% of the purchase price (VAT included) with a maximum of EUR 9.000 for the purchase of a passenger car, truck or minivan for double use.

For completeness we mention that there are also a number of measures for investments in charging stations for electric vehicles.

## **7. Tax credits for energy efficient houses.**

From income year 2010, not only passive houses are entitled to a tax reduction, but also low energy houses and zero energy houses. A 'low energy house' is a house (located in the EEA) whose total energy demand for space heating and cooling is limited to 30 kWh/m<sup>2</sup> air-conditioned floor area. There are no conditions on air density. A 'zero energy house' is a house (located in the EEA) which satisfies the conditions for a passive house and whose remaining energy demand for space heating and cooling is fully compensated by on-site renewable energy.

The tax reduction amount for tax year 2011 for a passive house 830 EUR per year and per property; for a low energy house 420 EUR per year and per property; for a zero energy house 1660 EUR per year per property for 10 consecutive years, as from the income year in which had been determined that the house is a passive-energy, zero or low energy house (on the basis of a certificate issued by the competent institution).

## **8. Energy-saving expenditure.**

As from year 2010, not all energy-saving expenditure entitles you to tax relief if they are done for 'recently built homes'. The installation of solar water heaters, the installation of solar panels and the equipment for geothermal energy production (heat pumps) are still eligible. The other investments, particularly the replacement and maintenance of boilers, the placement of double glazing, roof, wall and floor insulation, the placement of thermostatic cranes or room thermostat and the energy audit, entitle you no longer for a tax relief if the investment is done after 1 January 2010.

'Recently built houses' are houses which have been occupied less than five years before the start of the energy-saving investments. The measure therefore endorses all the houses younger than five years. These are considered as 'new building' for tax purposes.

Vandendijk & Partners, Lawyers.  
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