Do I pay tax in Belgium on my Airbnb income ?

As traditional business models are being left behind and the **'sharing economy' becomes more and more popular**, individuals rent out or 'share' things like their cars, homes, and personal time to other individuals on a peer-to-peer basis. In recent years, there has been a significant increase in **services through platforms such as Airbnb, Uber, and many others,** turning private individuals into entrepreneurs overnight.

Through the Airbnb platform, **hosts rent out their properties or spare rooms** to guests anywhere in the world and cash in from a few euros a night to hundreds if they are in a prime location. While these **new sources of income** obviously attract the government's attention, it is important to know **how these are taxed** to avoid unnecessary problems with the tax authorities.

If you rent out (part of) **your main residence on a regular basis**, including **your household furniture**, you earn – in principle – two types of income that are taxed differently. As a rule, 40% of the Airbnb fee you receive is classed as '**movable income**', while the other 60% is 'property income'. From the movable income (furniture rent) you may always deduct 50% as a lump-sum expense allowance. The net amount reported in your tax return, is **taxed at a flat rate of 30%**.

The **property income** is taxed at the **progressive tax rates** ranging from 25% to 50%, but the taxable income itself is based on the '**cadastral income**' (CI), not on the actual rental income. If the property is your main residence, the CI only needs to be considered **proportionally to that part of the property that is rented out** (e.g. 20%) and **the number of days** the property was rented out during the year (e.g. 2 days per week). If the (unindexed) CI is, let's say, € 1,250.00, this would require you to declare an amount of € 71.23 (€ 1,250.00 * 20% * 104/365). The tax office will then index this amount (1.8492 for 2020), increase it by 40% and you will in this case be taxed on an amount of € 184.41 for the whole year.

If you rent out (part of) a property which is **not your main residence,** the CI **cannot be prorated**. The total (unindexed) CI is then declared, even if the property was not rented out for the full year. The CI can **still be reduced** if only part of the property was made available.

On the other hand, if you rent out property **not on a regular basis**, but only **once a year or just occasionally**, the Airbnb earnings will instead be classified as '**miscellaneous income**', which is **taxed at a flat rate of 33%**. In this case, you can also deduct the actual expenses from your gross earnings (e.g. for utilities, insurance, repairs, etc.), but you should always be able to demonstrate these in case of a tax audit.

If you also provide **additional services** such as regular cleaning and breakfast, you might want to consider formalising your professional status and registering as a **self-employed freelancer** (as a main or additional activity). We can assist with **optimizing your tax situation** and help you to better understand the **tax consequences of earning regular or occasional Airbnb income**.

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