Do I also need to pay communal tax on foreign income ?

Every Belgian municipality ('*commune*') may subject its residents to **an additional surcharge** on their personal income tax. This tax is calculated by applying a percentage to the **basic personal income tax**. The **rates vary from 0% to 9%** depending on the municipality where the taxpayer is registered **on 1 January following the income year**. The amount due is typically settled every year via the **personal income tax assessment**.

The communal tax is **a mandatory contribution** to cover the general expenses of a city or municipality. Its purpose is **to finance local public services** like law enforcement, social assistance, housing, education and so on. In the straightforward situation where the taxpayer **lives and works in Belgium**, it is obvious that the earnings will be subject to the communal tax. For **example**, if an employee lives in the Brussels capital and earns a taxable salary of let's say € 50,000 p.a. on which they need to pay an income tax of approx. € 13,000, there will be an additional communal tax due of € 780 (or 6% of € 13,000).

However, in case of a **cross-border employment,** things can become more complex. Cross-border workers are typically **obliged to pay income tax in the country where they earn an income**, but their ultimate tax filing responsibility is with Belgium, as their country of tax residency. This is where the double tax treaty (DTT) becomes relevant. The DTT **will prevent double taxation** by ultimately allowing **only one country to tax your salary** and allowing you a tax exemption (or a tax credit) in the other.

In the scenario that Belgium **exempts your foreign salary from Belgian income tax**, this **does not automatically mean** that you will **also be exempt from the communal surcharge**. The latter will be due **but only if the DTT explicitly provides for this**. If the tax treaty stipulates this, a communal tax will be calculated as if the foreign employment income was fully taxable in Belgium.

Traditionally, the DTTs with **the Netherlands, France, Germany, the United Kingdom, and Switzerland** include a clause that allows the additional communal tax to be levied. This provision has also been included in more recently (re)negotiated DTTs with countries like **China, Congo, Japan, Mexico, Norway, Poland, Rwanda, San Marino, Singapore, and Uruguay**. If your professional income does not originate from a country in the above list, then no communal taxes can be charged by your Belgian municipality.

For **non-resident taxpayers**, it is not relevant where exactly they live in Belgium, as they are **automatically subject** to an (average) **surcharge of 7%**. This surcharge also applies if the taxpayer **does not actually live in Belgium**, but only earns income from a Belgian source.

TAXPATRIA® can assist you in analysing the **tax consequences of your employment situation** and help you to better understand **the potential tax liability of cross-border working**.

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