Are financial support payments tax-deductible in Belgium ?

If you pay **alimony** to a child or former spouse, if you have a child who **studies abroad,** or if your aging parents need **financial support**, these payments **can be deducted** from your taxable income, **up to 80%** of the amount, provided that some **specific conditions** are met. The underlying idea is that financial support can be deducted by the **person making the payment**, but, consequently, must be reported as taxable income by the **beneficiary**. What entitles one to a tax deduction, results in taxable income for the other.

When a higher earner is confronted with a **judicial order** to make **maintenance payments**, a tax deduction is considered justified to **mitigate the financial impact** of the divorce situation. On the other hand, a lower earner will be **liable for taxes** on the same amount, but taxes should remain **relatively low** considering the latter's entitlement to financial support in the first place.

What applies to **children and ex-partners** because of a court order or divorce settlement agreement can be extended to (voluntary) financial support provided to **close family members**. In Belgium, as in many other countries, there is a **civil law requirement** for children, even if they are married, to support their **parents and grandparents**. The latter have the same obligation towards their own **children and grandchildren**. The requirement **does not** extend to brothers and sisters or other family members.

In Belgium, these **conditions** should be **simultaneously** met to entitle you to a tax deduction:

(i) payment should be made **on a regular basis** (e.g. weekly, monthly, etc.) and for a **fixed amount** (e.g. not based on invoices or expenses paid directly);
(ii) payment is made directly to the **beneficiary** (e.g. child, ex-partner, parent, etc.) who does **not live with you in your household** on 1 January of the tax year;
(iii) the amount is transferred from the debtor's account to the beneficiary's account;
(iv) payment is made to meet a **civil law requirement** to provide maintenance or due to a **court order or settlement agreement** in the context of a divorce.

If you provide (voluntary) financial support to your children or parents and claim a tax deduction, you can always be asked by the tax authorities to demonstrate they are in a **difficult financial situation** and **cannot** (sufficiently) **provide for themselves**.
Take particular care if the **beneficiary lives abroad**. This can make things **more complex**, as the beneficiary would normally **not** be liable for taxes in Belgium on the support received. The applicable **double taxation agreement** (DTA) must be consulted to determine if the right to tax the financial support goes to the country where the beneficiary lives or to Belgium instead. In the latter case, the Belgian debtor of the support will be required to pay a **withholding tax** on a quarterly basis of **26.75% on 80.00%** of the amount paid.

TAXPATRIA® can advise you on the **considerations** when claiming a **tax deduction for financial or spousal support**, especially in an **international** context.