

Can you deduct rental property expenses in Belgium ?

In order to generate professional income, each taxpayer will need to **incur certain expenses**. Business expenses are the **cost of carrying on a trade or business**. Whereas income is normally reported gross, **expenses will be subtracted from the gross income** by the tax office before it is subject to taxation. If you prefer not to apply the **standard business expense deduction** that is **automatically granted** in your Belgian tax return, you can always write off **your actual expenses**.

For many entrepreneurs, the expense of **renting an office or warehouse** for their business will make up a **substantial portion of overhead costs**. As long as the rental property is used **entirely** for your trade or business, the rental cost is normally also **fully deductible** (100%). If you do not have separate business premises available but prefer to use **part of your home**, you can claim a **proportion of the rent** you pay, as a business expense.

Generally, deductions for a home office are based on the **percentage of your home devoted to business use**. So, if you use **one or more rooms in your house or apartment** for conducting your professional activity, you need to figure out the percentage this represents **compared to the total square meterage** of your home. The **surface area** of your property is relevant for this.

For example, if your office takes up 20% of your total living space, you can deduct the **rent and any related expenses** (e.g. utilities, insurances, taxes, etc.) for the same 20%. There is no maximum or minimum percentage that you can claim, but it should **always be realistic**. Everything **depends on the factual circumstances**, but a business use percentage of around 25% of a residential property is quite common. If you also have **in-person meetings** with clients or customers in your home, this could justify a **higher deduction**.

An important element to consider is whether the **rental agreement** itself **allows a business use** of the property. In Belgium, the landlord is normally taxed on the '**cadastral income**' (CI), not on the actual rental income, which means **less income tax** to pay. However, if (part of) the property is rented out **for business use**, the landlord is taxed on the **actual rent received** instead. To avoid this, rental agreements often **include a clause** that the property **must not be used professionally**. In that case you will **not be able** to deduct the rent **as a business expense**.

However, the rules are different in case your property is owned by **a company**, because in that case the owner is **always** taxed on the actual rent, so you can deduct it **without any problem**.

In some cases, the rent **can be fully deductible**, even if (most of) the property is for **residential use**. For example, if you rent a property close to your workplace during the week **to avoid traffic on your commute** or if your employment contract requires you to live **near your workplace**.

TAXPATRIA® can assist with **optimizing business expenses** and filing your income tax return, and **handle disputes with the tax office** about certain disallowed expenses.