

January, 2024

Do I need to file a tax return if I own Belgian real estate ?

As house prices continue to modestly rise, **many foreigners own real estate in Belgium** as an investment property or as a second home. Although you do not need to register in Belgium to be able to own real estate, there are several **important tax consequences to consider**, if you do indeed plan to buy something here.

The tax treatment of Belgian real estate is linked to the '**cadastral income**' (*revenu cadastral/kadastraal inkomen*). This represents the **average (fictitious) annual rental value** of your property. It is the expected rental price you could receive in case you would rent it out under normal market conditions, minus a 40% flat rate expense deduction. The cadastral income is **used to determine several items** such as the annual property tax, tax on rental income, taxable benefit in kind for company provided housing and the applicable transfer tax rate when purchasing a property.

The **property tax** (*précompte immobilier/onroerende voorheffing*) is a regional tax with a local surcharge due on all types of real estate, which is levied annually. The tax is due if you are the **owner or leaseholder** of the property on 1 January of a given tax year, even if you were to sell the property later that year. It **does not matter** if you use the property yourself or rent it out. In some exceptional cases, a decrease or exemption of property tax may apply.

Whether this property tax is the only tax due on your Belgian real estate **depends on the factual circumstances**. Even if you are not registered here, you can still be **regarded as a non-resident for tax purposes** and subject to income taxation. Any income earned in Belgium will be subject to taxation in Belgium, unless otherwise stated in the applicable tax treaty. For **real estate income** from a Belgian source, Belgium is always authorized to levy a tax.

In case you own Belgian property, but **do not rent it out**, the property tax is the only tax due. This means you are not required to file any additional tax return in Belgium.

In case **you do rent out** your Belgian real estate (either for residential or professional use), the property tax will only be the final assessment if your annual rental income **does not exceed €2,500** (this amount is never indexed). If married or living together, the amount is calculated **for each partner separately**, taking into account your matrimonial regime.

To be able to determine whether the above threshold is exceeded, you should apply the **following formula**: $\text{€2,500} < \text{cadastral income} \times \text{indexation (2.1763 for 2024)} \times 1.40$ (flat rate increase). Should there be **other types of Belgian income** as well (e.g. salary, pension, etc.), you will need to file a **non-resident tax return** in any case, even if the real estate income is below €2,500.

TAXPATRIA® can help **determine your tax status** as a result of your Belgian real estate investment and, if necessary, handle your **non-resident tax filing**.