

January, 2024

## 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 basically 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% for a room) 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 (2.1763 for 2024), increase it by 40% and you will in this case be taxed on an amount of € 217.03 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).

TAXPATRIA® can assist with **optimizing your tax situation** and help you to understand the **tax consequences of earning Airbnb income**.