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Do I pay tax or social security in Belgium as a foreign contractor?

Multinational companies and international organizations **are in constant need of short-term contractors**, often with an **IT or engineering background**. Companies **contract with temporary work or recruitment agencies** to hire interim workers from both within and outside the EU. Contractors typically operate **as individual freelancers** or **through their own limited company**. They are contracted in a B2B context on a fixed-term basis, usually to work on specific projects, typically for a couple of months, but sometimes for several years.

If you are a contractor operating in Belgium as a **sole trader registered in your home country**, or with a **foreign limited company**, you should make sure you are compliant with local regulations, and your tax affairs are in order. Any contractor who is **active in Belgium on a more permanent basis** would normally be expected to pay social security, VAT, and income tax in Belgium.

Depending on whether you work as an individual freelancer or with a limited company, there are **personal as well corporate tax consequences** to consider. If the Belgian tax authorities determine that your business is **operating in Belgium continuously rather than just sporadically**, you face the risk of having a 'fixed base' or 'permanent establishment' (PE) in Belgium liable for income taxation. The fact that you would **also pay tax** on your professional earnings **in your home country**, even with a double tax treaty in place, would **not be a valid argument** in this case.

In general, the chance of **creating a PE for VAT purposes is less likely**, but you should make sure that a PE is not triggered inadvertently. If you fail to meet the legal requirements when invoicing a client in a cross-border situation, this could make you **liable for Belgian VAT** as well.

In respect to **social security**, you may be exempt from this in Belgium, if you have successfully obtained a '**PD A1**' from the social security authorities in your home country. With this document in hand you continue to be covered by a foreign social security system while working in Belgium. This 'PD A1' would normally be **valid for a maximum of 24 months**. Any foreigner working in Belgium, paying social security abroad, would have to complete a **LIMOSA declaration** at the same time. This allows the authorities to monitor the foreign workforce that is active in Belgium. If you opt to pay social security in Belgium, the LIMOSA declaration is **not** necessary.

Any contractor active in Belgium, whether as a sole trader or via a limited company registered abroad, is **likely to be confronted** at some point with questions from the Belgian authorities, a potential double tax issue, or social security claim. Therefore, it is **better to anticipate and overcome these challenges** before they actually emerge.

Different options are available for anybody who wants to take on a contracting assignment in Belgium. TAXPATRIA® can assist you with **registering your business in Belgium** or **establishing a legal entity**, as well as any accounting, VAT filing, and tax filing requirements.