How are Restricted Stock Units taxed in Belgium ?

Restricted Stock Units (RSUs) are a type of compensation paid by an employer to an employee in the form of **company shares** or an equivalent in cash. Shares of company stock are promised **at some future date**, in hopes of keeping the employee with the company. The grant is 'restricted' because it is **subject to a vesting plan** and a **distribution schedule**, which can be based on performance goals or continued employment for a period of time.

With RSUs, you are normally taxed **when the shares are delivered**, which is almost always at the moment of vesting. The taxable income is the ***market value* of the shares at vesting**.

From a Belgian perspective, RSUs are usually implemented **in a cross-border context**. As many foreign and multinational companies are active in Belgium, RSUs are often **granted by the parent company abroad** to employees working for the Belgian subsidiary. In the past, these benefits were often **not declared** in the Belgian tax return and therefore simply **not taxed**, which resulted in a **large-scale tax investigation** by the Belgian authorities some years ago.

While **non-resident taxpayers** could still argue that the foreign RSUs are to be considered non-Belgian source income, most **resident taxpayers** will fail to demonstrate that these benefits are not in any way related to the Belgian employment and should therefore be exempt from taxes.

RSUs are taxed **as professional income** and subject to the standard progressive tax rates of 25% up to 50%, plus local taxes. While Belgian tax law does have a favourable regime for stock options (ESOPs) when these are granted, this does **not apply to RSUs**, as they are in general only **taxable upon vesting**. Any benefit granted by a third party (e.g. a foreign parent company) to a Belgian employee is also subject to **Belgian social security,** due to the fact that the employee would be receiving the benefit 'by virtue of' their Belgian employment, even if the Belgian entity **does not intervene** in the granting of the benefit.

Since not declaring any RSUs in your personal tax return logically means a loss of income for the Belgian authorities, the Belgian legislator introduced a **payroll tax withholding requirement** already in 2019 for any Belgian employer in respect to RSUs (or employee remuneration in general) **granted by a foreign company** that is somehow affiliated to this Belgian entity.

The Belgian employer **must withhold taxes at source** on this remuneration via the Belgian payroll and declare this to the Belgian authorities. The Belgian company must also **submit a report every year** to the tax authorities with an overview of the payments made. Non-compliance could trigger a penalty that amounts to **10% of all benefits** that are incorrectly or not reported. This could be waived if it is demonstrated that the benefit was **still taxed with the employee**.

TAXPATRIA® can review your **international remuneration policy** and make sure that **you are compliant** with Belgian income tax and social security requirements.