How do you avoid paying Belgian income tax on US dividends?

If you invest in shares or in share-heavy funds and **receive dividends from a US corporation**, these earnings will normally be subject to a **withholding tax at source** (WHT) in the US. In general, **ordinary dividends** are taxed as ordinary income in the US, while **qualified dividends** are taxed at a flat rate depending on your tax bracket. As a Belgian tax resident, you must also **pay a 30% income tax** on these earnings in Belgium.

Although there is a **tax treaty** (DTA) in place between the US and Belgium, this does not avoid the US dividend being subject to tax **both in the US and in Belgium**. The treaty explicitly provides that the US can levy a **WHT**, while Belgium may apply an **income tax** on the same dividend. This is based on the **general principle** that dividends are taxable in the country where the shareholder/investor lives but does not avoid that a **WHT at source** is applied as well.

At the same time, the DTA does set a **maximum WHT** that can be applied in the US, the so-called '**preferential rate**'. The US-BE DTA treaty states that, in general, **maximum 15%** of the gross amount of the dividend can be deducted in the US. This is **only 5%** if you own at least 10% of the voting stock of the US company paying the dividend.

Therefore, it is important to always **inform your US broker or financial institution** that you are also a Belgian tax resident, otherwise your dividend could be subject to a higher '**domestic rate**' in the US. By submitting a tax residency certificate (Form 276 Conv.) issued by the Belgian authorities, you can **invoke the DTA benefit** and claim the lower 'preferential rate' (relief at source). In the US, you need to submit **Form W-8BEN** to your withholding agent. If you already paid the higher domestic rate in the US, you could also ask for a (partial) **tax refund** afterwards. However, such a **tax reclaim procedure** can be quite cumbersome.

The amount to report in Belgium afterwards, is only a **net amount**. This dividend –after US tax– will be subject to a **30% flat tax rate** in Belgium.

In Belgium, you will not be taxed on the full amount, since a **tax exemption** applies to the first **€833.00 (tax year 2025)** of dividend income earned per taxpayer. This exemption should allow taxpayers to reclaim excess WHT previously withheld on Belgian dividend income. There is **no separate code** in the Belgian return to report US WHT on US dividends. Instead, the **total dividend income to report** in your tax form **can be reduced** by an amount of €833.00 per taxpayer in order to benefit from the exemption.

If you would prefer to avoid this 'double' taxation, you need to check if the US dividend can be paid out **via a Belgian bank or intermediary**, therefore only deducting Belgian tax at source.

TAXPATRIA® can advise you on the Belgian tax consequences of your **US investment income** and assist you with your **personal tax planning**.