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Do I pay tax in Belgium on my foreign real estate ?

Tax residents need to report their **worldwide** income to the Belgian taxman. This includes both Belgian and foreign **real estate income**. For each **Belgian property** that is **not your main residence**, you will normally have to pay income tax on it, irrespective whether you rent it out or keep it available as a second home. This basic principle extends to **foreign properties**, with the **important difference** that those are typically only taxed in the **country where they are located**.

Another particularity of residential property taxation in Belgium is that we do **not tax actual rental income**, but the so-called '**cadastral income**' (CI) instead (this is the deemed net annual rental income). Let's say you earn €12,000 this year in rental income from your Belgian property which has an (unindexed) CI of €850. If you report the latter in your tax return, the tax office will index it (2.1763 for 2024) and then increase it by 40%. In this case you will be taxed on €2,589.80 for the whole year ($€850 \times 2.1763 \times 1.4$) and not on €12,000. The €2,589.80 is subject to the **progressive tax rates** ranging from 25% to 50% (plus local surcharge) depending on your other income.

Based on the relevant Double Tax Agreement (DTA), the **taxing right** for real estate is generally given to the country **where the property is located**. If your property is located abroad, a **tax exemption** (with progression effect) can be claimed in the Belgian resident tax return. If there is no DTA, then a **reduction by half** (50%) of the Belgian tax on the foreign property income applies.

Historically, only **Belgian properties** had a CI. Due to a Belgian legislative response to European case law, **real estate located abroad** also needs to have a Belgian CI since a few years (just for the purpose of being able to report it in the Belgian tax return). Consequently, the taxable income of both Belgian and foreign properties is now **assessed in a similar way**. However, same as before, foreign real estate normally remains taxable only in the country **where it is located**.

In order to obtain the **Belgian CI** for the foreign real estate, there is a specific (standalone) **reporting requirement**. This should normally be done **before** you can proceed with your income tax filing. The **relevant information** includes, for example, the location of the property abroad, type, size, value and type of use. The information must be **accurately submitted** to allow the authorities to correctly determine the CI.

In case of first occupancy (if the property was not yet in use), the real property must be reported to the Belgian authorities **within 30 days**. In case of a purchase or sale of a foreign property, it must be reported **within 4 months**. Individuals taking up tax residency in Belgium, must report their foreign properties within the same **short deadline of 30 days**. In case of **non-compliance**, taxpayers can be fined up to €3.000. At this point, it is **not clear** how strict this will be applied in practice by the Belgian taxman, but caution should be taken.

TAXPATRIA® can assist with the **relevant reporting requirements** and help you to better understand the tax consequences of **owning real estate abroad**.