

January, 2024

## What are the benefits of the (2022) special expat tax status ?

After almost 40 years, the special tax regime for foreign executives (STR) has been replaced by a **completely new regime** that came into effect in **January 2022**. The new STR is largely based on the **30% ruling** that originated in the Netherlands. The main objective is to make Belgium an attractive location for **foreign investors** and **high potentials**.

The new regime distinguishes between **'inbound taxpayers'** (employees and directors) and **'inbound researchers'** (employees). Belgian companies that are **not** part of an international group as well as (international) **non-profit organizations** now also have access to the expat regime. **Directors** are only eligible if they are responsible for the daily management of the company (not just board members and not company owners). **Inbound researchers** need to have a qualifying master's degree or at least 10 years of relevant professional experience.

Furthermore, in the **60 months prior to starting employment** in Belgium, **(i)** the taxpayer must not have been a Belgian resident; **(ii)** must have lived **at least 150 km** from the Belgian border; and **(iii)** must **not have been** subject to the Belgian non-resident tax (in respect to professional income earned here). The STR is available to both **foreigners and Belgian nationals**.

While expats were traditionally considered **non-resident taxpayers**, applicants now automatically qualify as **resident taxpayers** (taxable in Belgium on their **worldwide** income), unless they can demonstrate they are (and continue to be) tax resident in their **home country**.

There is a **minimum gross salary** requirement of **€75,000.00 per year** for 'inbound taxpayers', but there is no minimum for 'inbound researchers'. The 'old' expat allowance (i.e. €11,250.00 or €29,750.00) and the *foreign travel exclusion* have been replaced with a **tax-free expense reimbursement of max. 30%** or €90,000.00 per year for **recurring expenses** (which equals a total gross remuneration of €300,000.00). Any amount above that is considered **taxable salary**.

This maximum does not prevent **additional non-recurring expenses** from being paid back separately to the employee (e.g. relocation and refurbishing expenses, school fees, etc.). If properly motivated, the more traditional **'costs proper to the employer'** can continue to be reimbursed tax-free to the employee as well (e.g. home office costs, travel expenses, etc.).

The Belgian social security authorities have also confirmed that any costs that are reimbursed under the new STR are also **fully exempt** from social contributions.

The new STR must be **applied** for (online) **within 3 months** of the start date of employment. The Belgian authorities will issue a decision **within 3 months** after that. The STR will initially **apply for 5 years**, with the possibility – under certain conditions – to extend it by **another 3 years**.

TAXPATRIA® can check your **eligibility** for the expat status, file your **application**, coordinate your **payroll** and assist with your **annual tax filing**.