

OVERVIEW OF COMMON DEDUCTIBLE INCOME TAX AND VAT COSTS

	INCOME TAX (2024 ASSESSMENT YEAR)	VAT
1. CAR COSTS – COSTS OF PASSENGER CARS		
General rule	<ul style="list-style-type: none"> - Introduction of a formula for determining the deduction limitation: $120\% - (0.5\% \times \text{coefficient} \times \text{CO}_2 \text{ emissions})$. This coefficient equals 1 for cars with a diesel engine, 0.95 for petrol cars and 0.90 for natural gas cars; - For plug-in hybrids ordered as from 1/1/2018 with a battery capacity of < 0.5 kWh per 100 kg of car weight or an emission exceeding 50 g/km, the deduction limitation is calculated based on the CO₂ emissions of a corresponding model with an internal combustion engine or the CO₂ emissions multiplied by a coefficient of 2.5; - Tax deduction limitation up to 100% for electric cars; - Increased cost deduction for depreciation relating to investments in publicly accessible charging stations (under certain conditions) of: <ul style="list-style-type: none"> - 200% during the period from 01/09/2021 to 31/03/2023 inclusive; - 150% during the period from 01/04/2023 to 31/08/2024 inclusive. - Tax deduction limited to at least 50%, except for cars with a CO₂ emission of 200 g/km (at least 40% deduction); - 1 July 2023: taxes on fossil fuel vehicles (including plug-in hybrids and full hybrids) purchased, leased or rented from this date (the date of the order being decisive) will be gradually reduced from fiscal year 2026. Read the new rules here: https://www.bdo.be/en-gb/news/2022/green-mobility-tax-challenge 	<p>New cars as from 1/1/2013: VAT max. 50% deductible (and limited to the portion for professional use);</p> <p>For mixed use, 3 methods are possible (AAFisc Circular no. 36/2015 dated 23/11/2015):</p> <ol style="list-style-type: none"> 1) Actual professional use: $\left[\frac{\text{Total number of km - commuting (x2) - private km}}{\text{Total number of km}} \right] \times 100 = \% \text{ VAT deduction}$ 2) Semi-fixed amount % private: $1 - \left[\frac{200 \text{ days} \times \text{commuting} \times 2}{\text{Total number of km on an annual basis}} \right] \times 100 = \% \text{ VAT deduction}$ 3) General fixed amount of 35% (for at least current year + next 3 calendar years).
	Deduction limitation according to CO ₂ emissions as from assessment year 2019 also applies to personal income tax for cars purchased (ordered) as from 1/1/2019. There is a choice for cars purchased before this date. Deductible for at least 75% for car costs (and fuel costs).	
Exceptions		
Fuel costs	<ul style="list-style-type: none"> - Tax deduction depending on CO₂ emissions (general rule); - From 1 January 2023, application of a 50% ceiling on petrol or diesel costs relating to the use of a plug-in hybrid vehicle. This ceiling does not apply to electricity costs which remain 100% deductible. 	VAT deductible for professional use (see general rule) with a max. of 50%.
Interest charges	100% deductible (if separate on invoice and contract of at least 24 months); see general rule for rental fees.	VAT deductible for professional use (see general rule) with a max. of 50%.
Taxi costs	General rule, but tolerance: 75% deduction.	VAT 100% deductible (if professionally-related).
Car costs passed on	Deductible to a limited extent on the part of the party issuing the invoice (100% deductible on the part of the receiver) [As from assessment year 2019, deduction limitation based on CO ₂ emissions of the end-user if passed on by third party and costs mentioned separately on invoice].	For the issuer of the invoice: VAT 50% deductible (except for limited exceptions) For the recipient: - passed-on cost as part of the main transaction: deductibility is determined by the main transaction; - charging the cost per se: deductible according to professional use with a maximum of 50% – general rule; - passed-cost as an advanced cost: this cost does not belong to the taxable base and is therefore not subject to VAT.
Reimbursement of car costs to employees/directors	Tax deduction depending on CO ₂ emissions (general rule). Reimbursement commuting travel on payslip 281.10: 100% deductible.	/
If fuel costs are paid either in part or in full, 40% of the BIK.	100% non-deductible (not to be included in car costs).	/
If fuel costs are not paid, 17% of the BIK.		
Rent, leasing, etc.	Deductible to a limited extent depending on CO ₂ emissions. Exceptions: financing charges and radiotelephonie.	VAT deductible according to professional use with a maximum of 50% – general rule.
2. RECEPTION AND RECEPTION COSTS		
General rule	50% deductible (including non-deductible VAT!).	VAT non-deductible.
Exceptions		
Promotional events, product launches, open house days and demonstrations (PR-related)	In principle, general rule. Costs relating to premises, depreciation, staff, furniture, etc.: 100% deductible + 100% deduction for the costs of goods and promotional items.	Court of Cassation dated 8/04/2005 and 15/06/2012 and decision E.T. 124.247 dated 13/03/2015: - Costs that only create overall positive conditions: non-deductible; - Costs that promote direct sales and publicity for certain products and services (= often a question of facts): VAT 100% deductible.

Although this overview was compiled with the greatest care, only the generally valid principles have been included here. Individual situations must therefore be assessed on a case-by-case basis.

The information contained in this document is for information purposes only and does not constitute legal advice. The completeness and accuracy of the information used cannot be guaranteed. None of the companies belonging to the BDO group, nor its partners, employees or stakeholders, can be held liable for damages resulting from actions or abstentions based on the content of this document.

Update 2023 | Contact: www.bdo.be • tax@bdo.be

	INCOME TAX (2024 ASSESSMENT YEAR)	VAT
3. CORPORATE GIFTS		
General rule	In case the value is lower than EUR 250: 50% deductible (including on the non-deductible VAT).	VAT deductible for a single trade gift per business relation per calendar year of which purchase or cost price < EUR 50 (excl. VAT). Purchase or cost price > EUR 50 (excl. VAT) per gift or multiple low value trade gifts during a calendar year to one single business relation: VAT is non-deductible.
Exceptions		
Sponsoring	Compensation is effectively 'advertising': 100% deductible.	- Sponsoring via payment: if advertisement "received" as a consideration: VAT deductible, provided that there is receipt of compliant invoice (unless the sponsored party is not subject to VAT); if no advertisement "received", no VAT repercussions; - Sponsoring via exchange of benefits (sponsoring in exchange for advertisement): VAT deductible, provided that there is mutual invoicing with VAT of every transaction (unless the sponsored party is not subject to VAT); - Sponsoring without consideration: VAT on the sponsored good must be corrected.
Gifts	Gift > EUR 250. 100% deductible on condition that it is reported on the 281.50 form, namely represents BIK for acquirer.	Commercial gifts are VAT deductible provided that: - the gifts are granted to a business relation (for a single gift per business relation per calendar year); - the gifts are not tobacco or spirits; - the purchase value is < EUR 50, VAT excl.; - the gifts are not a promotional item.
Promotional items	100% deductible on condition that the name of the benefactor remains permanently and noticeably on the object that is furthermore also widely distributed.	VAT 100% deductible (except for reception costs) if: - the articles are intended for a large-scale distribution (i.e. not only for a limited category of customers or business relations); - the articles have a low value for those who receive them; - the articles obviously and permanently bear the name of the gifting company (i.e. no consumables).
Commercial samples	Products that the company itself sells: 100% deductible.	VAT 100% deductible on condition that the costs are deductible in the income tax.
4. SOCIAL BENEFITS		
General rule	100% non-deductible.	Benefit granted of personal nature: non-deductible. Benefit granted of group-nature: VAT deductible.
Exceptions		
Free distribution of soup, coffee, soft drinks and/or fruit to staff during working hours	100% deductible.	VAT 100% deductible.
Vocational training for staff for specific vocational training sessions	100% deductible.	VAT 100% deductible.
Meal Vouchers	Employer contribution deductible for EUR 2/voucher distributed on condition that a maximum employer contribution amounts to a voucher amount of EUR 6.91, the employee contribution comprising a minimum of EUR 1.09.	VAT on transactions of the company issuing the meal vouchers: 100% deductible.
Eco vouchers, sports and culture vouchers	Under certain conditions, they are treated as an exempt benefit on the part of the beneficiary. However, cost is 100% non-deductible for issuing company.	VAT on transactions of the company issuing the eco-vouchers: 100% deductible.
Gifts to staff	100% non-deductible for the employer unless gifts are for ALL employees and: - max. EUR 40/year/employee on the occasion of an annual event (e.g. Christmas, birthday); - max. EUR 120/year/employee on the occasion of a commendation for good service; - minimum EUR 120 and maximum EUR 40 per full service year upon retirement of employee (however, for social security a maximum of EUR 1000 applies!); - Marriage or legal cohabitation: EUR 245.	VAT non-deductible, unless the following conditions are met: - the gifts are distributed to ALL staff members (or children of staff members who meet a predetermined age category); - the purchase price (or normal value) is < than EUR 50 excl. VAT; - the gifts are not tobacco products or spirits. Please note: VAT deduction only permitted on one single occasion-related gift per beneficiary per calendar year.
5. RESTAURANT COSTS		
General rule	69% deductible (including on the non-deductible VAT).	VAT is non-deductible.
Exceptions		
Restaurant costs for staff tasked with providing goods or services outside the company	General rule. Deduction of meal allowance included in daily allowances: see point 6. Costs included in fixed allowances.	VAT 100% deductible if a correct invoice has been issued in the name of the purchaser (a simple VAT receipt is not sufficient).
Passing on of restaurant costs	For the issuer of the invoice: 69% deductible. Exception: costs passed on separately on the invoice: 69% deductible for the recipient and 100% deductible as a professional cost for the issuer of the invoice, provided that the cost is mentioned explicitly and separately on the invoice.	Passing on of the cost as part of the main transaction: follows the VAT scheme of the main transaction. Passing on of the cost per se: non-deductible for recipient; deductible however for the issuer of the invoice.
Restaurant costs related to seminars on training day		VAT on meal cost non-deductible.
Restaurant costs included in hotel bill	69% deductible if broken down by invoice, if not there is a risk that full invoice will be subject to deduction limitation.	VAT on the costs of seminar/training deductible, however, if appended separately. VAT non-deductible unless: - restaurant costs for staff tasked with providing goods or services outside the company; - passing on of restaurant costs per se.
6. COSTS INCLUDED IN FIXED ALLOWANCES		
General rule: - Employer costs considered as a disallowed expense included in fixed allowances. - Meal allowance included in daily allowances.	- These costs follow the deduction regime of the disallowed expense concerned. - 100% deductible if cost incurred by staff delivering specific goods or providing a specific service outside the company (the assignment lasts at least 6 hours - lump sum for 'business trip').	/
7. UNREASONABLE (PROFESSIONAL) EXPENSES		
General rule	Non-deductible (always to be assessed on a case-by-case basis as this is a question of facts).	VAT non-deductible (always to be assessed on a case-by-case basis as this is a question of facts).
8. TAXES		
General rule	Non-deductible (if they have negatively influenced the taxable income).	/
Exceptions		
Immovable withholding tax	100% deductible.	/
Municipal and provincial taxes	100% deductible (most regional taxes are non-deductible!).	/
Main exceptions: - Excise and customs duties; - Regional taxes on gambling and entertainment equipment; - Foreign taxes withheld or paid on foreign professional income*.	100% deductible.	/
* Non-exhaustive list.		

Although this overview was compiled with the greatest care, only the generally valid principles have been included here. Individual situations must therefore be assessed on a case-by-case basis.

The information contained in this document is for information purposes only and does not constitute legal advice. The completeness and accuracy of the information used cannot be guaranteed. None of the companies belonging to the BDO group, nor its partners, employees or stakeholders, can be held liable for damages resulting from actions or abstentions based on the content of this document.

Update 2023 | Contact: www.bdo.be • tax@bdo.be

