

New Belgian tax regime for impatriates ("foreign executives")

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On 1 January 2022, the programme law of 27 December 2021 came into force, introducing new tax measures for impatriates in Belgium.



The persons concerned

Impatriates in Belgium, such as:

- Employees, managers (RSII – Specific tax regime for impatriates)
- Researchers (RSICI – Specific tax regime for impatriate researchers)

Who have been hired abroad by a Belgian company, or the Belgian branch of a foreign company, or seconded within a multinational group and who receive remuneration which is taxable in Belgium;

And which meet the following additional conditions:

- i. During 60 months prior to taking up their employment in Belgium, they:
 - Have not lived in Belgium;
 - Have not resided within 150 km of the Belgian border;
 - Have not been subject to Belgian tax on earned income.
- ii. Receive a salary of more than €75,000 gross per calendar year (applies only for the RSII);
- iii. Have received consent from the tax authorities.

The new favourable tax regime

From 1 January 2022, this new regime will apply automatically to new applications for the RSII or RSICI regime, both for those who are Belgian nationals and those who are not.

From now on, the impatriate will be considered as resident in Belgium, unless he proves that he is tax resident in his country of origin and should be considered as non-resident in the eyes of the Belgian tax authorities.

Belgian residency involves declaring worldwide income in Belgium and benefiting from double taxation agreements.

The advantages:

- Up to 30% of the gross annual remuneration granted in the form of an indemnity (ceiling of €90,000)
- Employers contribution towards the cost of relocation/acomodation, schooling of children is free of tax
- Application of double taxation treaties

→ The taxpayer can benefit from this regime for a maximum period of five years, with some exceptions: extendible for an additional three years.

“In a context of international mobility, life insurance is an attractive asset planning tool.”

The “old” preferential tax regime

In 1989, circular no. Ci.RH.624/325.294 dd. 08.08.1983 introduced a tax regime for foreign executives, considering them as non-residents, entitled to:

- An impatriate allowance exempt from tax and social security; and
- Exemption in respect of remuneration received abroad.

As a result, an employee who is required to travel a lot, without effective tax residence in another country, was exempt from all taxation.

This regime was applicable without a time limit.

Transition of the tax regime

A transition period is provided for persons who already benefited from the advantageous tax regime on 1 January 2022. Indeed, they may, subject to compliance with certain conditions, choose to:

- retain the old tax regime for a period of two years; or
- request to switch to the new tax system.

This new tax regime, which is still intended particularly to attract more qualified foreign employees, is ultimately less advantageous for those impatriates with a salary considered as “high”, or for those who travel a lot.

Why subscribe a life insurance in Luxembourg in this situation?

Luxembourg is recognised as a stable and innovative financial centre within the European Union, with unique cross-border expertise. With more than 50 years of expertise, Luxembourg is one of the top three financial centres in Europe.

In addition to the fact that the funds market is constantly growing, the various advantages offered by Luxembourg make life insurance a must, especially for people who regularly change their country of residence:

Tax neutrality

The tax regime applicable to the policy is the one of the policyholder’s tax residence country. That’s why, Luxembourg legislation offers attractive regulations for non-residents, and even more so for cross-border families and persons with high geographical mobility who will be able to tailor their policies more easily.

Easy portability

Thanks to the tax neutrality of the contract, it is in theory feasible to keep it if the policyholder moves to a third country.

Of course, the policy will have to be adjusted with any mandatory rules applicable in the policyholder’s new country of residence.

Thus, **the Luxembourg life insurance policy can easily be tailored to comply with different local legislation** and generally in a simpler way than for any other type of arrangement.

Clear, flexible and tailored succession planning

The Luxembourg insurance policy and its financial centre offer tailor-made solutions in line with the clients' wishes:

- investment in line with the policyholder's profile,
- a tailor-made beneficiary clause,
- modification of the policy at any time,
- subscription in line with the policyholder's needs,
- etc.

Use of the policy for asset protection

The assets of the life insurance policy are the property of the insurance company. As a result, life insurance is generally protected against the policyholder's creditors.

Triangle of security

Thanks to the Luxembourg principle of the Triangle of Security and preferential rights, the assets held in an insurance policy are protected and guaranteed in the event of default by the insurance company.

Indeed, this system enables the policyholder to recover the entire redemption value of his policy in priority over all other creditors through the "preferential rights" mechanism.

What Baloise Vie Luxembourg offers you

If necessary, Baloise Vie Luxembourg assists its clients when reviewing their policies, always with the aim of enabling policyholders to continue to benefit from all the legal and tax advantages associated with life insurance. This also applies when the policyholder moves within the EU and changes his tax residence, or when one of the beneficiaries relocates.

The key words for successful international mobility are: anticipation and planning.

In this way the company ensures that the management, preservation and inheritance of wealth is achieved with total peace of mind.

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