Belgium

Government Submits Bill on Overhaul of Investment Deduction to Parliament

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On 6 March 2023, the government submitted a bill regarding the overhaul of investment deduction to the parliament.

The proposed investment deduction rates for 2025 are as follows:

- a standard deduction for individuals and SMES of 10% (0% for other companies);
- a thematic deduction for individuals and SMES of 40% (30% for other companies);
- a technology deduction of 13.5% (once only) and 20.5% (spread deduction). This deduction applies to patents and the research and development of new products and future-oriented technologies. Examples include investments for efficient energy consumption and renewable energy, zero-carbon transport, environmentally friendly investments and supporting digital investments related to the three previous types of investments. Further details will be included in specific investment lists; and
- a digital fixed asset deduction of 20% for individual and SMES (0% for other companies). This deduction applies to investments in software and equipment to support digital payment and invoicing systems, digital accounting systems, digital CRM systems, digital e-commerce platform systems and digital systems for security of information and communication technology. Further details will be included in a Royal Decree.

The investment deductions cannot be applied in cumulation. If an investment qualifies for several of the deductions, the taxpayer must choose which deduction they want to apply. Furthermore, taxpayers may maximize the deductions.

If required, the investment list will be sent to the European Commission for approval under EU State Aid rules.

Wage costs exempt from wage tax transfer for reasons such as R&D activities are not included in the investment deduction calculation base.

Taxpayers must submit a certificate from a regional government with the claim of the investment deduction in the tax return.

Investments with a negative impact on the climate and environment, such as gas boilers and fossil fuel trucks, will not qualify for investment deduction. The list will be based on EU taxonomy regulation 2020/852 and technical guidelines from the European Commission.

The government will introduce a transitional regime for investments made before 2025, for which the depreciation terms expire after 2025.

Fossil Fuels

The regions would be competent to levy a tax on fossil fuels in addition to the federal excise duties. The entry into force date depends on the signing of an agreement between the federal state and the regions.

The full text of Bill No. 55-3866 is available here (as a PDF, in Dutch and French only).

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