

RSM Belgium | Tax
Tax Insights April 2022

NOTIONAL RENTAL VALUE FOREIGN REAL ESTATE PROPERTIES ESTABLISHED

By the end of last month, the Belgian tax authorities finished determining the notional rental value or so-called 'cadastral income' (hereafter referred to as NRV) of foreign real estate properties owned by Belgian tax residents and notifying the Belgian property owners hereof. This NRV will have to be included in the Belgian personal income tax return as of this year.

UNEQUAL TAX TREATMENT OF REAL ESTATE IN BELGIUM AND ABROAD

Belgium was already repeatedly condemned by the European Court of Justice because of the unequal tax treatment of real estate in Belgium and real estate abroad. A second residence located in Belgium that is only used or rented out for private purposes (to natural persons) is taxed based on the NRV. Real estate properties located abroad and used or rented out for the same purposes, however, were until recently taxed based on the average annual gross rental value, which was generally (significantly) higher than the NRV for Belgian real estate properties. Belgium thus had to eliminate this unlawful distinction and introduced a change in the law to that effect.

BELGIAN NRV FOR FOREIGN REAL ESTATE PROPERTIES

The new legislation stipulates that every foreign real estate property of a Belgian resident must be assigned a NRV comparable to the NRV for Belgian real estate properties. This new NRV has been calculated by the Belgian tax authorities based on information and data on the foreign property that had to be submitted by the end of last year. At the latest by March 31st, the tax authorities had to communicate and notify the established NRV to the Belgian owners of foreign real estate.

Belgian tax residents who now become the owner of a foreign property should spontaneously submit the necessary details and information via a declaration to the Administration of Measurements and Valuations within 4 months upon the acquisition of the real estate property. Based on these details, the Belgian NRV for these foreign properties will then be determined by the tax authorities.

RSM Belgium wishes, through this document, to provide general information, without the information contained in this document being considered as an opinion. The editorial staff shall endeavour to compose this edition as accurately as possible. However, we cannot guarantee that this information will always be accurate when it is received or that it will always be accurate in the future.

OBJECTION POSSIBLE

Anyone who does not agree with the NRV determined and notified by the tax authorities has two months to object via registered letter in which it should be mentioned which NRV should be allocated to the concerning real estate property according to the taxpayer.

The established Belgian NRV for foreign real estate properties must be included in the personal income tax return as of this tax assessment year (income 2021). If a claim has been filed against the NRV determined by the Belgian tax authorities, the taxpayer can fill in the NRV that he or she considers to be correct. If it would turn out that the initially notified NRV is maintained by the tax authorities, the administration will correct the erroneous personal income tax return and include the correct NRV.

If you have any questions regarding this topic, do not hesitate to contact our RSM Belgium | Tax team (tax@rsmbelgium.be).

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