**RSM InterTax**
**Tax Insights July 2017**

## Summer Agreement

### Measures taken in the summer agreement of 26 July 2017

- **Corporate Income Tax Rate:** The summer agreement provides for a phased reduction of the statutory corporate income tax rate. In 2018, the tax rate applicable to large companies will be reduced from 33% to 29%. In 2020, the income tax rate applicable to large companies will continue to decline to 25%. For SME's, the agreement provides for a reduction of the tax rate from 25% to 20% on the first 100.000,00 EUR taxable profit as from 2018 onwards.

  At the same time, the 3% crisis contribution will gradually be abolished.

- **Other corporate income tax measures:** The principle of tax consolidation will be introduced into Belgian tax law in 2020.

  The agreement further foresees in a temporary increase of the investment deduction from 8% to 20% for PME's and one-man businesses.

  The notional interest deduction would remain in existance, but will be reformed.

- **Profit premium:** A tax efficient system of profit participation for employees is implemented in which employees are paying 13,07% social security contributions and only 7% of taxes while the employer is not paying anything in addition. The maximum premium amounts to 30% of the salary mass.

- **R&D Withholding Tax Exemption:** Extension of the withholding tax exemption in the framework of research and development to Bachelor degrees.

- **Tax on securities accounts:** The tax on securities accounts is a levy of 0,15% on the total value of the securities account. This tax will only be applied for those who have over EUR 500.000 in their securities account. The tax will be due on the total value of the securities account.

  In the meanwhile, the federal government will increase the stock exchange tax for shares and bonds. For shares, the stock exchange tax will increase from 0,27 to 0,35% while for bonds, the stock exchange tax will increase from 0,09 to 0,12%.

  In addition, the Cayman tax will be reinforced.

AUDIT | TAX | CONSULTING

- **Decrease tax exemption recognized savings accounts:** Currently, interest received from recognized savings accounts are exempt from movable income tax up to EUR 1.880 per year. This exemption will be reduced by 50% to EUR 940 per year.

- **Tax exemption on dividends:** On the first EUR 627 per year of dividend income no withholding tax will be due.

- **Pension savings:** The system of pension savings foresees in a tax reduction of 30% up to a maximum saving of EUR 940 per year. Based on the current agreement, a second system will be introduced through which EUR 1.200 can be saved each year but only with a tax reduction of 25%.

- **Harmonisation lump-sum professional costs:** Increase of the lump-sum professional costs in the personal income tax for self-employed individuals to be in line with the current system for employees.

- **Financing of growth companies:** Reinforcement of the incentives regarding the financing of growth companies (a.o. reform of the statute of Private collective venture capital companies (Privak / Pricaf) and extension of the definition of the tax shelter for start-ups).

- **Various socio-economic measures:** In the framework of the socio-economic reforms, various measures are implemented such as a more elaborate system of flex employment, more flexible rules regarding night and Sunday work, trial period of only one week during the first three months of employment, mystery calls to fight against discrimination at hiring, decrease of minimal gross wages, decrease of employer charges in the construction business to fight against secondment from abroad, limited reimbursement of psychologist visits, a system of soft end of career jobs, up to EUR 500 per month of tax-free professional income in certain cases, accelerated right to illness allowances for self-employed individuals, increase of minimum pension in case of a full career, possibility for partial pension and a number of measures in the fight against poverty, increase of allowances in case of child charge and increase of tax reduction for child care in certain cases, encouragement of longer employment through tax and social security exempted premiums granted by employers or sector funds to older employees, voluntary second-pillar pension build-up by employee with his employer and extra support for pension build-up of self-employed individuals, reduction of the social security contribution limit for self-employed workers at the start of their activities, encouragement of the hiring of young employees through a reduction of employer charges.

**RSM**

## RSM informs you

It should be noted that the above is based on the limited information which is currently available. Little is known about the practical implementation of these measures. We expect further clarification in the months to come.

Should you want any further information with respect to the above, the Tax team of RSM Belgium is at your disposal.

RSM InterTax

AUDIT | TAX | CONSULTING

RSM