

Belgian Tax Proposals Address Stock Options, Private Computers

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On 23 October, the Belgian government adopted the text of a "Loi Programme," with some tax proposals it will propose to the Parliament.

The tax regime for stock options adopted in 1999 did not take account of the possibility of a deterioration of the economic climate. To avoid situations in which employees were taxed on a fringe benefit without ever being able to actually receive one by exercising an option and realizing a profit, the legislation will be amended in several ways.

Stock options offered will no longer be deemed to have been accepted after 60 days; instead, options will be deemed to have been rejected unless the employee has accepted them in writing. Verbal offers of stock options are excluded.

For stock option plans adopted between 1 January 2000 and 31 December 2002, parties can opt before 30 June 2003 to agree that the period for exercising an option can be extended by three years without incurring any additional tax burden.

Employees who purchase new personal computers, accessories, or Internet access through a "PC private plan" organized by, and with funding from, their employers will not be taxed on the part of the employer's contribution unless it exceeds 60 percent of the cost or €1,250. If, however, an employer provides employees the use of a computer at home, the value of the fringe benefit is expected to be taxed on a lump-sum basis of €180 per year.

To encourage the employment of researchers by Belgian universities and high schools and to attract foreign researchers to Belgium, the government will reduce the withholding tax on their remuneration by up to 50 percent of the amount due and allow researchers to set off the full amount of the withholding tax against their tax liability.

A similar measure will apply for fishermen at sea.

Finally, the draft legislation will also end an anomaly in the tax code that gave an unfair advantage to companies that ended their accounting year before 31 December and thus were able to benefit from a shorter time bar for tax audits. If the year-end is 31 December 2002, tax audits can be held until 31 December 2005; if, however, the company decides to have its year end one day earlier, the time bar is 31 December 2004. This will now become 30 December 2005.

The Belgian government hopes to have the legislation adopted before the end of the year.

In the meantime, there is not much progress to report on changes to the corporate income tax. The draft legislation was finally submitted to the Parliament in July, but has not been discussed yet.

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