10 reasons to invest in R & D in Belgium
1. Patent income deduction

- A deduction of 80% of qualifying gross patent income from the taxable basis, resulting in an effective tax rate of maximum 6.8% on this income.

- For Belgian companies and Belgian establishments of foreign companies

- Eligible patents:
  - patents self-developed in a Belgian or foreign “R&D” centre
  - patents acquired (by purchasing, or license, …) provided they are being further developed in a Belgian or foreign “R&D” centre
  - as of January 1th 2013, SME’s are exempted from the “R&D” centre requirements

- Eligible income:
  - license payments: milestone payments, upfront fees, …
  - a portion of the turnover of patented products and services
2. **Investment deduction for R&D related investments and patents**

- Tax deduction of 13.5% (Tax year 2016) of the investment value
  - of assets which aim to promote R&D of new products and advanced technologies that are environment friendly
  - patents acquired or self-developed by the company.
- Deduction carried forward for an unlimited period in case of insufficient profits.

3. **R&D tax credit**

- Corresponds to the tax saving linked with the investment deduction (13.5% of the investment value)
- Improved presentation in accounting terms of the cost price of R&D in Belgium
- The part not used after 5 years is refunded
4. Partial withholding tax exemption for researchers

- In favour of employers (= extra financial means)

- Principle: the wage withholding tax is normally retained on the remunerations paid to the researchers, but a part must not be paid to the Belgian Treasury

- 80% exemption!

- For researchers with a specific degree, engaged in R&D

5. Tax allowance for additional employee

- Exemption of 15,270 euros (Tax year 2016) from the enterprises profits

- For additional employee engaged full time in Belgium:
  - as manager of “Total quality department”
  - as manager of “Export department”
6. **Innovation premium**

- Granted for an innovation which creates added value for the normal activities of the employer
- Exemption from personal income tax and social security contributions
- Deductible against corporate income
- Max amount: one month’s gross salary per worker and per calendar year.

7. **Expatriate tax status in R&D**

- For foreign executives and researchers temporarily assigned to Belgium:
  - tax free expatriation allowances to a max of 29.750 euros per year;
  - tax free reimbursement of installation costs, school fees, …;
  - business travel exclusion
- For employers:
  - reduction of employment costs for expatriates with simple proceedings
8. Transfer Pricing rulings

- Rulings providing for an arm’s length Transfer Pricing can be obtained

- e.g. cost plus rulings for contract R&D services

9. Accelerated depreciation

- Tax depreciation rules on R&D investments (intangibles)

- accelerated depreciation in 3 years (instead of 5), according to the straight-line method

10. Tax exoneration for regional grants

- Tax exoneration for regional grants obtained by the Regions in the context of their laws of economic expansion for the acquisition or constitution of tangible or intangible assets

- Condition: subsidized assets can not be transferred during a 3 years period.
10 good reasons to invest in R&D in Belgium

People
- Wage withholding tax exemption
- Tax allowance for the manager of total quality department
- Innovation premium
- Expatriate tax regime

Belgian R&D Centre
- Investment deduction
- R&D Tax credit
- Accelerated depreciation
- Tax exoneration for regional grants

Activities
- Favourable transfer pricing rulings

Investments
- Patent Income Deduction

Patents
10 reasons to invest in R&D in Belgium

NEED TO KNOW MORE ABOUT INVESTING IN BELGIUM?

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