

## Tax shift and corporate tax reform in 2019

On the eve of the new year, we take a look at the further development of the tax shift and the corporate tax reform.

### Last phase of the tax shift

- In 2019 the last phase of the tax shift will be rolled out for personal income tax:
- further increase of the tax work bonus of 28,03% up to 33,14% of the effective granted social work bonus;
- broadening of the application of the 40% rate whereby the threshold increased from 13.940 euro to 14.330 euro (non-indexed amounts);
- increase and harmonise the dual tax minimum up to 4.785 euro (non-indexed amount).

Also for social security purposes the social employer's contributions are further reduced, the social 'maribel' is enforced and broadened, and the social work bonus is increased. In this case the last phase is rolled out in 2020.

### Corporate tax reform

As is the case for the tax shift, the corporate tax reform is further executed. The nominal tax rate decreases in two phases from 33% until 25% in 2020.

For SMEs there was already a highly reduced tax of 20% as of 2018 for a taxable base up to 100.000 euro. The crisis contribution for corporate tax will disappear by 2020.

### Most important rate changes

Standard rate old: 33% (2018) and 33% (2020)  
 Standard rate new: 29% (2018) and 25% (2020)  
 Crisis contribution old: 3% (2018) and 3% (2020)  
 Crisis contribution new: 2% (2018) and 0% (2020)  
 SME rate (first 100.000 euro profit): 20% (2018) and 20% (2020)

In 2019 some other measures will follow.

Most striking is the tax consolidation. Such systems already exist in most EU Member States. To make the Belgian tax system more attractive for corporate groups, a tax consolidation scheme is introduced in our country. It is a partial consolidation whereby it is still allowed within certain limits to transfer losses within the company. The new rules will apply as from 1 January 2019.

In 2019 also the ATAD (Anti Tax Avoidance Directive) interest deduction will apply (based on the EBITDA of the ATAD Directive).

In 2020 the second phase of this important reform follows. The standard rate decreases to 25%. Finally the crisis contribution is ended. As an extra tax stimulus for innovative companies the professional withholding tax exemption for scientific research is doubled to 80%.

In a second phase further compensating measures are introduced, such as:

- discounts on debts are no longer deductible;
- mobilising exempt reserves at reduced rate (temporary measure);
- tightening of loss deduction of foreign permanent establishments;
- ending of degressive and pro rata depreciations scheme;
- deduction reduction for a number of special expenses;
- ending of certain exemptions.