



Overview of disallowed expenses for corporate income tax and vat

Tax year 2024

Preliminary remarks

This document intends to provide a summary of the expenses that are (partially) disallowed for corporate income tax and VAT purposes and can therefore only be used as a guideline. For the tax treatment of expenses in specific situations, please liaise with your contact person at Baker Tilly.

Expense type	Corporation tax	VAT
Federal taxes		
<ul style="list-style-type: none"> - Corporate income tax (including withholding on liquidation reserve) - Foreign tax credit to the extent that it has actually been offset against the corporate income tax liability - CIT increase, late payment interest on non-deductible taxes 	Not deductible	Not applicable
Regional taxes		
<ul style="list-style-type: none"> - Regional environmental taxes on (surface) water pollution, ground water extraction and sediments - Regional environmental taxes on waste, fertilizers, ... 	Not deductible	Not applicable
<ul style="list-style-type: none"> - Property taxes - Real estate transfer tax - Provincial taxes - Municipal taxes 	Deductible	Not applicable
Expense type		
Corporation tax		
VAT		
Fines and penalties (miscellaneous)		
<ul style="list-style-type: none"> - Fines and penalties concerning CIT and WHT - Traffic Fines - VAT fines - Administrative fines for infringements against social/labour law - Administrative fines on registration duties - Fines or fees relating to the late filing of the annual accounts - Anti-trust penalties - Increases in social security contributions in the event of late payment 	Not deductible	Not applicable
<ul style="list-style-type: none"> - Traffic fines reported as a benefit in kind for the employee - Compensation of damages 	Deductible	Not applicable
Pensions and capitals		
<ul style="list-style-type: none"> - Employers' social security contributions and premiums for group insurance (retirement and decease) exceeding the 80% limit 	Not deductible	Not applicable
<ul style="list-style-type: none"> - Annual insurance tax - Special social security contributions on these insurances 	Deductible	Not applicable

Expense type	Corporation tax	VAT
Company cars		
<p>General rule: deduction according to CO₂ emission to be calculated per vehicle and following below formula:</p> <p style="text-align: center;">120% - (0,5% x coefficient x CO₂ per kilometer)</p> <p><u>Coefficient</u></p> <ul style="list-style-type: none"> - 1: cars with a diesel engine - 0,90: cars with a natural gas engine and a taxable power rating of less than 12 hp for tax purposes - 0,95: all other cars <p><u>Tax deduction:</u></p> <ul style="list-style-type: none"> - To be calculated separately per vehicle; - Also applicable for fuel costs! - CIT Deduction minimum 50% and max. 100% (electric vehicle) - CO₂ emission > 200 g/km: 40% deductible <p><u>Specific tax regime for fake hybrids:</u></p> <ul style="list-style-type: none"> - Hybrid vehicle with CO₂ emission > 50 g/km or energy capacity < 0,5 Kwh per 100kg car weight - Application CO₂ emission of 'corresponding vehicle'. If not available: CO₂ emission x 2.5 <p>The existing scheme continues to apply to company cars purchases, leased or rented before 01/07/2023.</p> <p>Reform of tax regime for expenses for company cars purchased from 01/07/2023 onwards.</p> <ul style="list-style-type: none"> - Cars with CO₂ emissions (incl. hybrid cars) purchased between 01/07/2023 - 31/12/2025: <ul style="list-style-type: none"> - Tax deduction based on current formula (without any minimum), but: <ul style="list-style-type: none"> - Tax deduction of max. 75% for the year 2025 - Tax deduction of max. 50% for the year 2026 - Tax deduction of max. 25% for the year 2027 - No tax deduction for 2028 and following - Cars with CO₂ emissions (incl. hybrid cars) purchased from 01/01/2026: <ul style="list-style-type: none"> - 0% deduction 		<p>Company cars with private use: maximum 50% deductible</p> <p>3 methods:</p> <ol style="list-style-type: none"> 1. Administration of kilometres actually covered for business related journeys 2. Semi lump sum method 3. General lump sum <ul style="list-style-type: none"> - 35% deduction for all cars - Cannot be combined with method 1 and/or method 2 <p>Light truck:</p> <ul style="list-style-type: none"> - Business use only: 100% deductible - Mixed use: 85% or 35% (method 4)

- Rent and lease payments	Formula applicable	Max. 50% (car) or 100% (light truck)
- Service and repair	Formula applicable	Max. 50% (car) or 100% (light truck)
- Depreciation	Formula applicable	Not applicable
- Fuel	50% deductible for plug-in hybrids purchased from 01/01/2023 onwards, formula otherwise	Max. 50% (car) or 100% (light truck)
- Electricity (as fuel)	Formula applicable	Max. 50% (car) or 100% (light truck)
- Traffic taxes	Formula applicable	Not applicable
- Public parking	Formula applicable	Max. 50% (car) or 100% (light truck)
- Rent parking space	Formula applicable	100% (invoice)
- Company car insurance	Formula applicable	Not applicable
- Accessories (e.g. alarm, gps, air-conditioning, etc.)	Formula applicable	Max. 50% (car) or 100% (light truck)
- Car expenses reimbursed to employees, directors and managers	Formula applicable (100% in case benefit in kind is mentioned on payslip of the employee)	Not applicable
- Benefit in kind on company cars(-)	According to CO2 emission	Not applicable
- Benefit in kind on company cars	17% of BIK (minimum taxable basis) if fuel costs not borne by employer 40% of BIK (minimum taxable basis) if fuel costs are fully borne by employer	Not applicable
Expense type	Corporation tax	VAT
Reception costs		
General rule	50% deductible	Not deductible
- Demo expenses, whether or not accompanied by handing out commercial samples for produced or sold products	100% deductible	100% deductible unless if disallowed expenses for CIT (except for spirits if certain conditions are met)
- Public relations expenses, reception and entertainment expenses	50% deductible (general rule)	100% deductible
- Art or flowers for the decoration of professional infrastructure	Office space: 100% deductible Reception area: 50% deductible	100% deductible
- Promotional events (e.g. product demonstrations, product launches, etc.)	50% deductible Showroom expense: 100% deductible	100% deductible if for marketing/publicity purposes)
- Contributions and membership fees for professional organizations	100% deductible	Not applicable
Business gifts		
General rule	50% deductible	<50,00 EUR per gift : 100% deductible 50,00 EUR or more : 0% deductible
- Marketing material, except for non-durable goods	100% deductible (if permanent publicity/branding; otherwise 50% deductible)	100% deductible
- Samples	100% deductible	100% deductible

Restaurant costs		
General rule	69% deductible	Not deductible
- Restaurant expenses made by representatives in the food industry	100% deductible	Not deductible
- Restaurant expenses recharged on invoice	Subcontractor making recharge: 100% deductible; End client: 69% deductible (general rule)	100% deductible (0% for the client)
- Staff events	100% deductible (1x per year)	General VAT rules apply to the various costs: - Decoration costs: deductible - Spirits, tobacco, accommodation: not deductible - Party organised by the company itself: deductible - Catering costs: not deductible
Clothing		
General rule	Not deductible	Not deductible
- Professional uniforms, safety helmets, safety shoes, specially adapted clothing, etc...	Deductible	100% deductible if specific professional clothing
Expense type	Corporation tax	VAT
Interests on loans		
General rule	Deductible	Not applicable
- Interest exceeding market rate	Not deductible	
- Thin cap: amount of the loan higher than 5x sum of the taxed reserves at the beginning of the taxable period and paid-up capital at the end of the taxable period and the transferees are: - Located in tax havens - Related companies For loans before 17/07/2017.		
- Interest limitation: interest exceeding highest threshold: - 3.000.000 EUR; or - 30% fiscal EBITDA	Surplus not deductible (exceptions)	Not applicable

Social Benefits		
General rule	Not deductible	Only deductible if collective character
<ul style="list-style-type: none"> - Free distribution of fruit, soup, coffee, tea, beer or soft drinks during working hours - Job related training of staff members 	<p style="text-align: center;">Deductible</p> <p style="text-align: center;">Deductible</p> <p style="text-align: center;">Deductible up to a certain threshold for specific occasions:</p> <ul style="list-style-type: none"> - Annual event (Christmas, New year, ...): €40/year/employee - Honourable distinction employee: €120/employee - Retirement employee: €120 to max €1000 (€40/year seniority) <li style="padding-left: 20px;">- Marriage: €245 	<p style="text-align: center;">100% Deductible (collective)</p> <p style="text-align: center;">Deductible (conditions)</p> <p style="text-align: center;">100% deductible in case collective, max 50 EUR and if it would not be deductible if payment in kind</p>
<ul style="list-style-type: none"> - Gifts in kind, in cash or payment vouchers to staff for the occasion of 1 or more festivities or annual events 	<ul style="list-style-type: none"> - Premium hospitalization insurance 	<p style="text-align: center;">Not applicable</p>
<ul style="list-style-type: none"> - Teambuilding 	<p style="text-align: center;">Deductible (1 per year)</p>	<p style="text-align: center;">Not applicable</p>
<ul style="list-style-type: none"> - Staff restaurant 	<p style="text-align: center;">Deductible in case employee pays at least €1,09 per meal</p>	<p style="text-align: center;">Not deductible, unless a fee is charged (VAT 100% deductible and VAT due on meal provided)</p>
<ul style="list-style-type: none"> - Provision of bicycles for commuting from home to work 	<p style="text-align: center;">100% deductible</p>	<p style="text-align: center;">Not deductible</p>
<ul style="list-style-type: none"> - Meal, sports, culture and eco vouchers 	<p style="text-align: center;">Not deductible (except for €2 per meal voucher)</p>	<p style="text-align: center;">Not applicable</p>
Secret commission tax		
<p>Secret commissions tax of 100% or 50% imposed by tax authorities as a result of:</p> <ul style="list-style-type: none"> - Costs or benefits not reported on salary slip/fee form - Non-reported turnover 	<p style="text-align: center;">Not deductible</p>	<p style="text-align: center;">Not applicable</p>

Expense type	Corporation tax	VAT
Donations		
General rule	Not deductible	Not applicable
- Sponsorship with publicity	100% deductible	100% deductible
- Gifts to certain recognized institutions (with fiscal certificate)	Deductible in case at least 40 EUR per institution, per year and max 5% of the profit of the company (with an absolute max of 500.000 EUR)	Not applicable
Various		
- Depreciations and write-off on shares	Not deductible	Not applicable
- Unreasonable expenses	Not deductible	Not deductible
- Securities tax	Not deductible	Not applicable
- Remuneration paid in respect of the group contribution regime	Not deductible	Not applicable
- Payments to tax haven beneficiaries exceeding 100.000 EUR	Deductible if professional nature and form 275F filed	Not applicable

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