



Corporate income tax

Tax Alert

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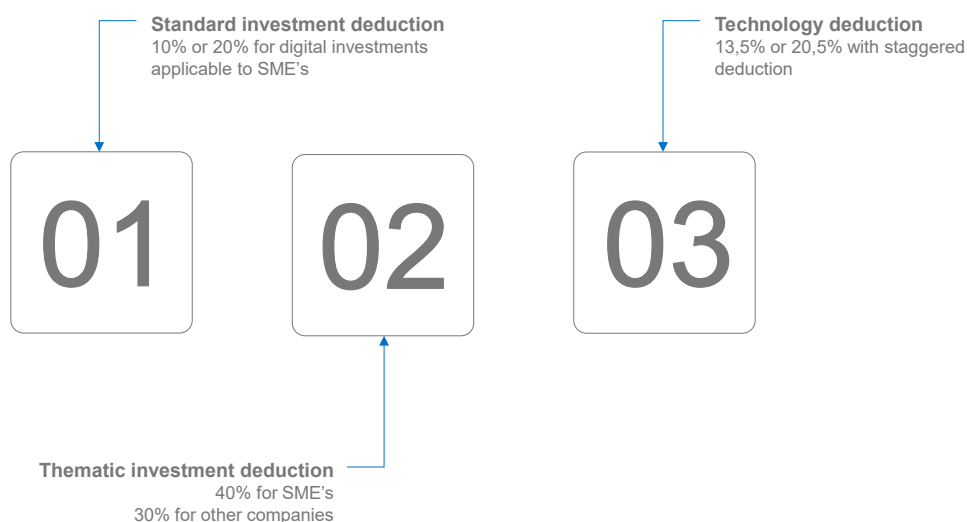
1. Reform of Belgian Investment Deduction

The Belgian Investment Deduction reform aims to:

- Modernize the list of investments eligible for this regime after 40 years.
- Align with sustainable development needs.
- Establish fixed percentages and simplify procedures.

The new system is set to commence as from 1 January 2025, but is still subject to legislative approval.

The new system comprises three tracks:



The table below provides an overview of the current system of qualifying investments and the percentages for the fiscal years 2022, 2023, and 2024.

Small and medium-sized companies (SME's) ¹	2022	2023	2024 ²
Ordinary investment deduction - one-off	25%	8%	8%
Digital investments - one-off	13,50%	20,50%	15,50%
Security - one-time	20,50%	27,50%	22,50%

¹ also applicable to self-employed individuals

² expected percentage for fiscal year 2024 (tax year 2025). To be confirmed via publication in the Belgian Gazette.

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All companies	2022	2023	2024 ²
Environmentally-friendly investments in R&D - one-off	13,50%	20,50%	15,50%
Environmentally-friendly investments in R&D - staggered	20,50%	27,50%	22,50%
Patents - one-off	13,50%	20,50%	15,50%
Energy-saving investments - one-off	13,50%	20,50%	15,50%
Fume extraction or ventilation systems - one-off	13,50%	20,50%	15,50%
Greening of trucks and refuelling infrastructure - one-off	35%	42% / 36,50%	31,50%
Reusable packaging - one-time	3%	3%	3%

Companies exclusively active in maritime shipping	2022	2023	2024 ²
Sea-going vessels - one-off	30%	30%	30%

The table below provides an overview of the “tracks” and the percentages that would apply as from 2025.

New investment deduction from 01/01/2025	SME's ³	Other companies
General track: basic deduction - one-time	10%	-
General track: digital investments - one-time	20%	-
Thematic deductions - one-time	40%	30%
Technology deduction for R&D and patents - one-time	13,50%	13,50%
Technology deduction for R&D - spread out	20,50%	20,50%
Ships - one-time	30%	30%

1) General track for small and medium-sized companies (SME's):

- Basic deduction increased from 8% to 10% exclusively for SMEs
- Simplified application process without formal requirements
- Excludes assets with harmful environmental impact unless no alternative is available
- Additional 10% deduction for digital investments by small and medium-sized companies

³ also applicable to self-employed individuals

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- The eligible investments include software and equipment supporting digital payment and invoicing systems, digital accounting systems, digital CRM systems, digital e-commerce platform systems, and digital systems for securing information and communication technology. The specific nature and technical features of the qualifying investments will be defined by royal decree.
- Annex 275U should be added to the corporate income tax return

2) Targeted track: thematic deductions:

- Offers higher deductions for specific investments and technologies
- Applicable to all companies with a 40% deduction for small and medium-sized companies and 30% for others
- Categories include energy efficiency, renewable energy, zero-emission transportation, and digital investments aligned with these themes

3) Transformation of research and development investment allowance:

- Introduction of Technology Deduction offering a 13,50% deduction for qualifying R&D investments and patents
- Increased to 20,50% if deduction is spread over time, excluding investments in patents
- Option for taxpayers to opt for a tax credit

Implementation:

- Expected as from 1 January 2025
- Details to be determined by Royal Decree, influencing Belgium's investment landscape

Example : Investment in zero-emission truck ad 60.000 EUR, depreciated over 10 years

Thematic investment deduction (one-off)	Company A	Company B
Revenue	150.000	150.000
Depreciation zero-emission truck	-6.000	0
Taxable profit	144.000	150.000
Investment deduction (30%)	-18.000	0
Taxable base	126.000	150.000
Corporate income tax	31.500	37.500

Consider the following scenario: Company A and Company B, both large companies, generate both a revenue of 150 KEUR during the year 2025. However, Company A makes a strategic decision to invest 60 KEUR in a zero-emission truck, whereas Company B does not pursue the same investment opportunity.

Company A benefits from a thematic (one-time) investment deduction of 30% due to its investment in the zero-emissions truck. As a result, Company A's taxable base decreases to 126 KEUR after deducting the 18 KEUR investment deduction. As a result Company A would be liable to a corporate income tax of 31,5 KEUR.

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On the other hand, Company B chooses not to utilize the investment deduction. Therefore, its entire profit becomes taxable. Assuming that no additional costs are present, this would result in a corporate income tax liability of 37,5 KEUR.

The decision to invest in a zero-emission truck at 60 KEUR results in a decreased taxable basis for Company A, attributed to the additional annual depreciation of 6 KEUR and the one-time investment deduction of 18 KEUR. Consequently, leading to a net tax saving of 6 KEUR for Company A.

2. 120% deductibility for E-invoicing costs

- Costs for e-invoicing are 120% deductible for small and medium-sized companies starting from 1 January 2024.
- The law of 6 February 2024, obliges electronic invoicing between VAT-registered businesses from 1 January 2026.
- Eligible investments for the enhanced 120% deduction include billing software enabling structured electronic invoicing, periodic subscription fees for such software and consultancy costs related to compliance with these obligations.
- It only concerns direct costs related to preparing for compliance with electronic invoicing obligations.
- Costs that are capitalized and depreciated are not eligible for the enhanced deduction.

Contact

In case you would like more information or require our assistance with the compliance to the above rules, do not hesitate to contact someone of our Tax department team or your contact person at Mazars.



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