

Exemption of salaries of scientific personnel from withholding tax

What does this measure entail

Up to 80% on the payroll tax on the salaries of researchers at companies and knowledge institutes can be exempted from withholding tax.

Eligible organisations

The exemption can be applied for by:

- Companies that pay or grant salaries to researchers having PhD degrees, civil engineers, industrial engineers and holders of some master degrees.
- Companies that pay or grant salaries to researchers involved in research projects within the framework of cooperation agreements concluded with universities or colleges of higher education in the European Economic Area (EEA) or with accredited scientific institutions (no requirements as to degrees);
- Young innovative companies (cf.note) that employ scientific staff (researchers, research technicians, project managers in research and development).

This exemption does not apply to administrative or commercial staff.

Note: A company is a Young Innovative Company if it:

- implements research projects;
- fits the definition of a small enterprise¹
- has existed for less than 10 years before 1 January of the year in which the exemption was granted.
- was not established in the context of a concentration, restructuring, extension of a previous activity or a take-over of such activities;
- has incurred expenses in the field of research and development which represent at least 15% of the total costs of the previous taxable period.

Extent of the support

The support means that employers are exempted from transferring 80% of the due withholding tax levied on the

salaries of the abovementioned employees to the Treasury. This support applies to salaries paid or granted as of 1 January 2009.

This exemption should be applied proportionally to the actual time which the respective individuals other than assistant-researchers and post-doctoral researchers at universities, colleges for higher education and accredited scientific institutions etc spent on research or on research and development programmes.

Contact

Federal Public Service of Finances
North Galaxy-bus 25
Koning Albert II-laan 33
1030 Brussel
T 02 576 41 09
www.belspo.be/belspo/fisc/index_nl.stm

TIP: Smart taxation

All commercial companies in Belgium are subject to corporation tax. Legal mechanisms make it possible to lower the nominal rate. Various tax incentives for individuals and companies make Belgium one of the most attractive places to locate and do business.

Within the Federal Public Service Finance, the Fiscal Department for Foreign Investments provides free, confidential advice and assistance on tax matters to potential foreign investors and those already established in Belgium.

Fiscal Department for Foreign Investments
Parliament Corner
Rue de la Loi 24
B-1000 Brussels
T +32 (0)257 938 66
F +32 (0)257 951 12
taxinvest@minfin.fed.be
www.minfin.fgov.be/cellalien

¹ Small enterprises are businesses with legal personality which in the last and second-last closed fiscal year do not exceed more than one of the following criteria :

- annual average of 50 employees
- annual turnover ex VAT of € 7,300,000
- balance total of € 3,650,000 euro (unless the annual average of employed personnel exceeds 100)