



Global Investment and Innovation Incentives *Gi*³ alert

Belspo notification: Reminder for applying the partial withholding tax exemption for researchers and innovation income deduction

The Belspo notification process, which is mandatory when applying the partial withholding tax exemption for researchers, continues to trigger several discussions during tax audits. All employers applying this incentive are therefore encouraged to regularly review their Belspo notifications to ensure compliance with the regulations.

Annual wage tax exemption update of research and development (R&D) programs

Belspo is recommending an annual update of R&D programs registered through the electronic Belspo portal, to ensure notifications remain accurate. As 2023 approaches, all employers should remember to take action and implement the annual update on the portal. This will guarantee the required compliance and will support any discussions during tax audits.

It is strongly advised to maintain detailed records of R&D activities performed (including time spent) and retain such documentation for at least three years. In addition to technical documentation, employers are also recommended to keep a short summary, comprising the general scope of the R&D program, R&D strategy, overall objectives, and estimated R&D budget for 2022.

R&D percentages (i.e., the actual time spent by employees on R&D activities) are frequently a source of discussion during tax audits. A time registration system can improve the accuracy of time reporting and help employers provide

the tax authorities with the necessary evidence. **Deloitte Belgium has developed a simple online R&D tool to register project hours**, about which any member of our Gi3 team would be pleased to provide further information.

Innovation income deduction (IID) notification for copyright-protected software

The law introducing a deduction for innovation income allows companies and the FPS Finance to **request binding advice from Belspo regarding copyright-protected software** and derivative works, or adaptations to computer programs. They are regarded as qualifying intellectual property if they are the result of R&D programs within the meaning of article 275³ WIB (Income Tax Code), e.g., the partial withholding tax exemption for researchers.

Companies that already utilise the partial withholding tax exemption for researchers are recommended to create a **separate notification and request for advice** from Belspo to substantiate the IID. In all cases, companies must provide the necessary documentation to request binding advice on the application of the IID based on copyrighted software.

Contacts

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