Council of the European Union

Brussels, 12 December 2025
(OR. en)

16801/25
ADD 2

FISC 371
ECOFIN 1739

COVER NOTE

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
date of receipt:	11 December 2025
To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
No. Cion doc.:	SWD(2025) 421 annex
Subject:	COMMISSION STAFF WORKING DOCUMENT Mind the Gap Report Challenges and opportunities for tax compliance and tax expenditure in the EU - Belgium

Delegations will find attached document SWD(2025) 421 annex.

Encl.: SWD(2025) 421 annex

EUROPEAN
COMMISSION

Brussels, 11.12.2025
SWD(2025) 421 final

PART 3/29

COMMISSION STAFF WORKING DOCUMENT

Mind the Gap Report
Challenges and opportunities for tax compliance and tax expenditure in the EU

Belgium

EN EN

Country fiche: Belgium

Summary box: Areas of Strength and Areas for Improvement

Areas of Strength

- **Belgium is well advanced in digitalising its tax administration and has developed a digital transformation strategy.** Belgium has e-filing rates in personal income tax (PIT), corporate income tax (CIT) and value-added tax (VAT) returns above the EU average. Belgium makes use of AI for predictive risk analysis, for collecting data from websites and to match these with their existing database. Belgium also makes use of advanced electronic systems to fight cross-border VAT fraud.
- **Belgium has in place a comprehensive reporting on tax expenditure (TEs), which are published yearly.** The report on TEs is published in the 'Federal Inventory of Tax Expenditures', that is annexed to the budget. Furthermore, Belgium has recently implemented a spending review framework that covers TEs, primary expenditure and the social security sector.

Areas for Improvement

- **At 12% in 2023, VAT compliance gap remains among the highest in the EU.** This figure makes Belgium the Member State with the 6th highest VAT compliance gap in the EU, and it is expected to increase further in 2024. Nevertheless, recent reforms have supported the stabilisation of the VAT compliance gap. The Belgian tax administration could expand on the recent administrative and compliance changes, which include adjustments to the reverse charge mechanism in construction, longer statutes of limitation, an extended document retention period, updated late payment and refund interest rates, and mandatory e-invoicing for certain government contracts.
- **Belgium's tax expenditures result in considerable foregone revenues, mostly stemming from measures related to VAT and personal income taxes (PIT).** The latest TE report estimates total foregone revenues for EUR 31 billion, representing 6.1% of GDP or 18.4 % of total tax revenues. The majority of the TEs are related to VAT (2.2% of GDP) and PIT (2.1% of GDP). The VAT policy gap in Belgium has gradually increased since 2021 up to 55% of the notional ideal revenue in 2023, with reduced rates behind 97% of foregone revenues in the area. Overall, PIT-related TEs lead to progressive results, thanks to the income inequality reducing effect of the tax reduction for replacement incomes. The introduction of the planned spending review framework that covers TEs may allow the tax administration to identify and phase out ineffective TEs.
- **Belgium does not currently have in place processes to estimate CIT and PIT compliance gap.** Such analysis could help policy makers understand the nature and magnitude of the problems related to PIT and CIT collection. Furthermore, by implementing processes to measure and monitor tax compliance gaps, the tax administration can better assess the

effectiveness of their tax policy.

1. Snapshot of Tax System: Tax Revenues and their Sources

In Belgium, tax revenues as a percentage of the country's GDP are above the EU average. In 2023, total tax revenues amounted to 42.5% of GDP compared to the EU-27 average of 39.0%. The largest source of tax revenues were labour taxes (51.8% of tax revenues vs. EU average of 51.2%), followed by capital taxes (25.0% of total revenues vs. EU average of 21.9%) and consumption taxes (22.8% of tax revenues vs. EU average of 26.9%) ([1]). Revenues from consumption taxes, recurrent immovable property taxes and environmental taxes, which are among the taxes least detrimental to growth, are below the EU average (expressed as a percentage of GDP). VAT revenue for instance, amounted to 14.8% of total tax revenues (EU average of 18.3%) and 6.3% of GDP (EU average of 7.1%), probably explained by Belgium rather high VAT policy gap (see section 3.2).

The tax-and-benefit system has a significant effect in reducing income inequality. In Belgium, taxes and benefits reduced the Gini coefficient by 12.6 percentage points in 2023, while the reduction was on average 7.7 points in the EU ([2]). As a result, the Gini index for equivalised disposable income is among the lowest in the EU (31.9% in 2024, against an EU average of 29.3%) ([3]). Personal income tax in Belgium is progressive ([4]), but the tax brackets are narrow and even average income earners are subject to the highest income tax rates (45% and 50%). As a result, there are high marginal tax rates for lower-middle-wage earners, and this leads to significant low-wage traps. If the labour tax wedge in 2024 was close to the EU average for single people earning 50% of the average wage (33.1% vs EU average of 31.8%), it was much higher than the EU average at higher levels of income (52.6% vs an EU average of 40.3% for single people earning 100% of the average wage). Belgium has a relatively low at-risk-of-poverty or social exclusion rate (18.2% in 2024, 2.8 percentage points below the EU average of 21.0%) ([5]), but important regional differences remain (12.8% in Flanders, 21.8% in Wallonia and 37.2% in the Brussels Capital Region).

Belgium is under an excessive deficit procedure (EDP). The Council of the EU launched an EDP against Belgium on 26 July 2024, due to a 4.4% government deficit in 2023 ([6]). On 20 June 2025, the Council adopted a revised recommendation for Belgium to end its excessive deficit by 2029. Belgium

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[1] Data on tax revenues are based on European Commission: Data on Taxation Trends, edition 2025 (reference year 2023). The 2026 edition (reference year 2024) will be published in the first quarter of 2026. Preliminary data point to a downward revision of tax revenue data for 2023 (to 42.1% of GDP), followed by an increase of total tax revenues to 42.8% of GDP in 2024. https://doi.org/10.2908/GOV_10A_TAXAG

N.B.: The three economic bases add up 99.6% of total tax revenues, corresponding the remaining 0.4% to adjustments for EU institutions.

[2] European Commission, DG EMPL calculations based on EU-SILC survey data.

[3] European Commission, Eurostat [ilc_di12]

[4] The difference in the tax wedge between high-income (167% of average wage) and low-income earners (67% of average wage) is 12.9 percentage points, well above the EU average of 7.8 percentage points. The tax wedge is defined as the sum of personal income taxes and employee and employer social-security contributions net of family allowances, expressed as a percentage of total labour costs (the sum of the gross wage and social-security contributions paid by the employer). Data are based on European Commission, DG ECFIN: Tax and Benefits Database.

[5] European Commission, Eurostat [ilc_peps01n]

[6] This figure was later updated to 4.0% of GDP in 2023. Government deficit increased to 4.4% of GDP in 2024. For further information: October 2025 EDP Notification.

should now ensure that its nominal growth rate of net expenditure does not exceed 3.6% in 2025, 2.5% in 2026, 2.5% in 2027, 2.1% in 2028 and 2.1% in 2029 ([7]).

2. Monitoring of Compliance Gaps

2.1. Overview

Belgium is not among the EU Member States that officially estimates or publishes national tax gaps. Belgium does not produce and report tax gap estimation figures, besides its involvement in the EU VAT gap estimation exercise. At the same time, the Belgian Federal Ministry of Finance is one of the EU national administrations which participate in the EU TADEUS/FISCALIS project on tax gap estimation ([8]). In particular, the Belgian delegates have been taking part in the discussions on PIT gap estimation and VAT/e-commerce. In the context of the Article IV consultation, in 2021 the IMF has recommended the Belgian authorities to perform tax gap estimation using the IMF-developed methodology, also to gain insights into the drivers and behaviours behind tax gaps ([9]). The IMF staff especially highlighted tax compliance risks of high-wealth individuals.

2.2. Monitoring VAT Compliance Gap

In Belgium, the VAT compliance gap ([10]) was estimated at 12% of the VAT Total Tax Liability (VTTL) ([11]) in 2023, or around EUR 5 billion, above the EU average of 9.5%. Belgium has the 6th largest VAT compliance gap among EU Member States. The VAT compliance gap in Belgium has fluctuated in recent years, with an overall decrease of 1 percentage point compared to 2019. Specifically, after an increase to 15% in 2020, the VAT compliance gap decreased by more than half in 2021, before rising again in 2022 and 2023 ([12]).

The slight increase of the VAT compliance gap in 2023, can be explained by several economic developments. While the slight increase in the share of services in the economy (+1 percentage points) likely contributed to a higher VAT compliance gap ([13]), recreational, restaurant, and accommodation services continued to grow in nominal household consumption (+9%), albeit at a

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[7] https://www.consilium.europa.eu/en/policies/excessive-deficit-procedure/

[8] European Commission (2025), Directorate-General for Taxation and Customs Union, *Towards a common approach to tax gap estimation in the EU – Fiscalis Project Group 008 – Final report*, Publications Office of the European Union, https://data.europa.eu/doi/10.2778/3068071

[9] International Monetary Fund. European Dept. "Belgium: Selected Issues", *IMF Staff Country Reports* 2021, 210 (2021), accessed October 9, 2025, https://doi.org/10.5089/9781513598598.002

[10] The VAT compliance gap is an estimate of revenues lost due to VAT fraud, evasion and avoidance, bankruptcies and financial insolvencies, or miscalculations.

[11] The VAT Total Tax Liability (VTTL) is the theoretical tax revenue that would be collected in a situation of perfect taxpayer compliance, assuming an unchanged net VAT base.

[12] See European Commission, Syntesia, Poniatowski, G., Bonch-Osmolovsky, M., Śmietanka, A. et al., *VAT gap in Europe – Report 2025*, Publications Office of the European Union, Luxembourg, 2025, https://data.europa.eu/doi/10.2778/7868422.

[13] Services are typically harder to tax effectively compared to traditional goods. Therefore, a higher share of services can lead to a higher risk of non-compliance, leading to a higher VAT compliance gap.

slower pace compared to 2023. Furthermore, demand for tourism, measured by nights spent in tourist accommodations, saw limited growth (+4%). Because these sectors are typically associated with higher non-compliance, their moderate importance in the economy may have contributed to a modest increase in the VAT compliance gap. Moreover, the observed increase in bankruptcy declarations (+11%) is likely to have negatively impacted VAT collection procedures, placing further upward pressure on the VAT compliance gap ([14]).

A number of administrative and compliance changes may also have encouraged higher VAT compliance and contributed to a stabilisation of the VAT compliance gap. These include adjustments to the reverse charge mechanism in construction, longer statutes of limitation, an extended document retention period, updated late payment and refund interest rates, and mandatory e-invoicing for certain government contracts.

In 2023, VAT losses due to Missing Trader Intra-Community (MTIC) ([15]) fraud in Belgium were estimated at over EUR 1.4 billion. Overall, MTIC fraud has displayed an increasing trend in recent years. Despite some fluctuations over time, the VAT losses due to MTIC fraud increased by over EUR 500 million between 2010 and 2023 ([16]). Belgium, consistently shows a noticeably lower share of the EU-wide MTIC gap relative to its share of EU trade, making it an outlier in this respect.

The Technical Support Instrument (TSI) has supported Belgium in strengthening tax compliance by implementing behavioural insights for revenue administration. The project developed new tools that provide real-time compliance data across segments of taxpayers to help the authorities design targeted interventions based on behavioural insights, in particular with regards to debt collection, payments and declarations ([17]).

2.3. Corporate and Personal Income Tax Compliance Gaps, and Measures of the Shadow Economy

The European Commission is not aware of any CIT and PIT compliance gap estimation activities in Belgium at the time of writing this document. Estimating CIT and PIT compliance gaps could help policy makers understand the nature and magnitude of the problems related to PIT tax collection. In addition, measuring and monitoring tax compliance gaps can support tax administration in assessing the effectiveness of their tax policy actions.

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[14] See European Commission, Syntesia, Poniatowski, G., Bonch-Osmolovsky, M., Śmietanka, A. et al., *VAT gap in Europe – Report 2025*, Publications Office of the European Union, Luxembourg, 2025, https://data.europa.eu/doi/10.2778/7868422.

[15] Missing Trader Intra-Community (MTIC) fraud is a form of VAT fraud that exploits VAT-free cross-border trade within the EU. Fraudsters purchase goods VAT-free from another Member State, sell them domestically, charge VAT to their customers, and disappear before paying this VAT to the tax authorities.

[16] European Commission, CASE, Poniatowski, G., Śmietanka, A., and Skowronek, A., *VAT compliance gap due to Missing Trader IntraCommunity (MTIC) Fraud – Final Report Phase II*, Publications Office of the European Union, Luxembourg, 2024, https://data.europa.eu/doi/10.2778/6433841.

[17] European Commission, Strengthening tax compliance by implementing behavioural insights for revenue administrations in Belgium, Austria, and Portugal, Directorate-General for Structural Reform Support, 2024, https://reform-support.ec.europa.eu/publications-0/strengthening-tax-compliance-implementing-behavioural-insights-revenue-administration-belgium_en

European Commission estimates suggest a relatively small CIT compliance gap in Belgium. Based on a methodology developed by the Joint Research Centre which relies on a top-down approach using national accounts data, the CIT compliance gap of Belgium was 5.5% of collected CIT revenues in 2016 ([18]). This is the seventh lowest figure among available Member States' estimates, below the (unweighted) average of 10.9% of collected CIT revenues based on available estimates for 23 Member States, based on the same methodology.

The size of the shadow economy in Belgium is slightly below the EU average and it has remained relatively stable over recent years. In 2022, the shadow economy in Belgium was estimated at about 16% of GDP (Schneider and Asllani 2023, for the European Parliament) ([19]). This ratio is 1.6 percentage points below the EU-27 unweighted average. This figure has remained relatively stable over the period between 2013 and 2022, following a decline in the previous years from 21.4% in 2003 to 16.4% in 2013. The analysis considers PIT, indirect taxes, tax morale, unemployment, self-employment, GDP-growth and business freedom as potential contributing factors to the shadow economy in the approach referenced here. In the case of Belgium, PIT, indirect taxes, tax morale, unemployment and self-employment all appear as the most relevant contributing factors.

2.4. Other Compliance Gaps

There is currently no public information or evidence that Belgium estimates other tax compliance gaps. There are no official programmes or published figures for compliance gaps related to excise duties, environmental or energy taxes, capital taxes, or wealth taxation.

3. Monitoring of Policy Gaps

3.1. Tax Expenditures

Belgium provides comprehensive reporting on tax expenditure (TEs), in the 'Federal Inventory of Tax Expenditures', that is yearly annexed to the budget. The version published in March 2024 by the Belgian SPF Finances ([20]) concerns the Federal Tax Expenditures of 2021 ([21]).

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[18] European Commission: Directorate-General for Taxation and Customs Union (2025), *The Corporate Income Tax Gap, A European approach to measuring losses in corporate tax revenues*, Publications Office of the European Union, https://data.europa.eu/doi/10.2778/0541549. The JRC has recently developed a novel approach to estimate the CIT gap based on National Accounts and existing data on the undeclared economy, providing approximations of the CIT gap for a majority of EU Member States. JRC's estimations are based on the exhaustiveness adjustments made to Gross Operating Surplus (GOS), Gross Value Added (GVA) and Gross Domestic Product (GDP), that national statistical offices perform to account for non-observed economy. The JRC approach does not capture CIT gaps associated with tax avoidance and (international) profit shifting, which would require other estimation methods.

[19] European Parliament (2022), *Taxation of the informal economy in the EU*. https://www.europarl.europa.eu/RegData/etudes/STUD/2022/734007/IPOL_STU(2022)734007_EN.pdf.

[20] SPF Finances is the public federal service ("SPF" in French) in charge of the finances and taxation of Belgium's federal government.

[21] Report on the Inventory of Federal Tax Expenditures of 2021, 06 March 2024, Federal Public Service Finance.

Tax expenditures are estimated to result in foregone revenues of EUR 31 billion, representing 6.06% of GDP or 18.4% of total tax revenues. Most foregone revenues result from VAT with EUR 11.2 billion or 2.2% of GDP in foregone revenues (32.1% of VAT revenue). Reduced rates cause 97% of foregone VAT revenues, the remaining 3% stem from exemptions (see below Section 3.2). Tax expenditures related to PIT represented EUR 10.7 billion or 2.06% of GDP (22% of PIT revenue). Tax expenditures related to CIT amounted to about EUR 2.2 billion or 0.43 % of GDP (12.3% of CIT revenue).

PIT related tax expenditures in Belgium are progressive, reducing income inequality. A recent study based on EUROMOD analysed TEs related to PIT ([22]). PIT related tax expenditures increase disposable household income in Belgium by more than 10%, amongst the highest impact of PIT related TEs across EU Member States, second only to the Netherlands. Disposable income increases relatively more for poorer households, so that the impact of these TEs is progressive, reducing income inequality, reducing the Gini coefficient by ca. 3.6%. This again shows that the Belgian PIT system performs well in terms of reduction of inequalities (see Section 1). However, it must be noted that one of the two main PIT- related tax expenditures is the tax reduction for replacement incomes (pensions, unemployment, etc.). This exemption was introduced when the previously exempt replacement incomes became taxable, to avoid that this type of income is actually taxed. The other large tax expenditure is rather regressive since it concerns housing bonus, pension savings, etc. A more detailed impact assessment of current PIT tax expenditures might allow to better achieve their policy objectives and reduce fiscal cost.

Belgium has recently included tax expenditure assessments in their spending reviews. In the context of the Belgium's Recovery and Resilience Plan (RRP) ([23]) and following OECD advice ([24]), Belgium has implemented a spending review framework that covers TEs, primary expenditure and the social security sector. At the time of writing of this report, it was not possible to retrieve the necessary information to assess whether the spending reviews will provide a merely descriptive understanding of TEs or if these reviews will also evaluate the effectiveness and efficiency of TEs. Evaluation of TEs is a prerequisite to create fiscal room by phasing out ineffective tax expenditures, as also recently suggested by the OECD Economic Survey of Belgium ([25]). In fact, the streamlining of TEs is among the planned reforms in the 2025–29 Coalition Agreement of the Belgium government ([26]).

3.2. VAT Policy Gap

The VAT policy gap ([27]) in Belgium was somewhat higher than the EU average in 2023. The level of the VAT policy gap in Belgium was estimated that year at 55% of the notional ideal revenue ([28])

[22] Turrini et al., 2024, Tax Expenditures in the EU: Recent Trends and New Policy Challenges.
[23] European Commission presentation on Spending Reviews with a focus on Belgium (2024).
[24] OECD Technical note on how to integrate spending reviews in the Federal Budgetary System in Belgium, 2020.
[25] OECD Economic Surveys: Belgium 2024
[26] IMF Article IV Report, 2025
[27] The VAT policy gap refers to the revenue lost due to the application of VAT exemptions and reduced, super-reduced, and zero VAT rates on selected products.
[28] The notional ideal revenue is the benchmark VAT revenue that assumes perfect taxpayer compliance in a situation where the current standard VAT rate is applied to all final consumption and household, government, and NPISH investment.

(EUR 52 billion), while the EU VAT policy gap was 51%. This represents a small increase of under 1 percentage point compared to 2022, and an increase of 3 percentage points compared to 2019 ([29]).

The VAT exemption gap ([30]) was higher in Belgium compared to the EU estimate in 2023. It amounted to 42% of the notional ideal revenue (EUR 39 billion), while for the EU-27 overall it was 38%. This constitutes an increase compared to 2022 (ca. +1 percentage point), as well as when looking at a longer time horizon since 2019 (ca. +1 percentage point). The categories of activity VAT exempted in Belgium are for example doctors, nurses, libraries or kindergarten ([31]).

The VAT rate gap ([32]) was estimated at 13% of the notional ideal revenue in 2023, which amounted to around EUR 12 billion, compared to 12% for the EU average. It has remained stable compared to 2022 but increased by nearly 2 percentage points compared to 2019. The introduction in spring 2022 of VAT rate cuts on electricity, natural gas, and district heating for residential contracts, is reflected in the increased portion of the VAT rate gap attributed to utilities between 2021 and 2022. The extension of these rate reductions in 2023 mirrors the continuing higher contribution of utilities to the VAT rate gap in that year.

Belgium's VAT rate structure has remained largely unchanged, notwithstanding some reforms in recent years. Specifically, the structure features (i) a standard rate of 21%, (ii) an intermediary rate of 12% which applies to restaurant and catering services, coal (until July 2025), social housing, margarine, (iii) a reduced rate of 6% which applies to food, water, medicine, books, art, transport, cultural services, repair services (bikes, shoes, leather products, clothing and household linen), renovations on certain categories of houses, and (iv) a zero rate which only apples to specific products, such as periodicals (published at least 48 times per year). The reduced rates cover the main spending categories of Belgian households ([33]), i.e., 30.6% on housing, 12% on food, and 11.7% on transport. During the energy crisis, the VAT rate on electricity and gas was temporarily reduced from 21% to 6% ([34]), and since 1 April 2023, the reduction has been made permanent for households. In 2021, Belgium also introduced a reduced rate of 6% on demolitions and reconstruction and, since July 2025, resale of immovable goods, under the condition that the new building does not exceed a fixed habitable surface except for social housing. In July 2025, Belgium raised the VAT rate from 6% to 21% for fossil-fuel heating systems. The reduced rate is maintained for non-fossil heating systems.

The national policy-driven VAT exemption gap ([35]) was estimated at over 10% of the notional ideal revenue in 2023, or EUR 9 billion, while the EU average was 11%. This represents a small

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[29] See European Commission, Syntesia, Poniatowski, G., Bonch-Osmolovsky, M., Śmietanka, A. et al., *VAT gap in Europe – Report 2025*, Publications Office of the European Union, Luxembourg, 2025, https://data.europa.eu/doi/10.2778/7868422.

[30] The VAT exemption gap refers to the portion of the VAT policy gap resulting from revenues lost due to the application of VAT exemptions on selected products.

[31] https://www.minfin.fgov.be/myminfin-web/pages/public/fisconet/document/c4fc97b2-ba4b-4baa-aa1b-22a05236ea2e

[32] The VAT rate gap refers to the portion of the VAT policy gap resulting from revenues lost due to the application of reduced, super-reduced, and zero VAT rates on selected products.

[33] https://statbel.fgov.be/fr/themes/menages/budget-des-menages#figures

[34] https://euromod-web.jrc.ec.europa.eu/resources/country-reports

[35] The national policy-driven VAT exemption gap represents the part of the VAT policy gap that can in principle be influenced by national policies on VAT exemptions. In practice, it consists of revenue forgone from services falling

increase compared to 2022 (less than +1 percentage point), as well as compared to 2019 (ca. +1 percentage point).

4. Effectiveness of Tax Collection and Recovery Systems

4.1. VAT Collection

Between 2019 and 2025, Belgium made significant strides in digitalisation, efficiency, and risk management within VAT collection ([36]). One of the most notable improvements is the automation and simplification of VAT refund and registration processes. The communication of bank account details for refunds can now be done digitally through the *MyMinfin* platform, reducing administrative burden and accelerating refunds. Another major reform introduced in 2025 is the VAT provision account, which allows taxpayers to access validated but unpaid VAT credits digitally, reallocating them to debts or refund requests through *MyMinfin*. In addition, Belgium shortened the statutory settlement period for monthly filers as of January 2025, further speeding up refund turnaround times. These reforms represent a clear improvement, particularly considering that refund delays were previously identified as a systemic weakness across Member States.

The integration of compliance risk management has improved in line with best practices. in Belgium, refund and registration systems are interconnected with risk-based screening tools, such as the *Teruggavenbeheer* (refund management) module, which analyses fiscal signals before authorizing refunds. Furthermore, Belgium's new penalty system, which was modernized in March 2023, introduced proportional fines for late filings or payments, enhancing compliance without imposing excessive burdens. Belgium reports in 2025 that a 'fully centralised compliance risk management system is still under development', indicating that some inconsistencies and manual checks remain in place.

Belgium has strengthened its monitoring and evaluation framework. While in 2019 monitoring was fragmented, in 2025 survey Key Performance Indicators (KPIs) are used to track refund timeliness and administrative efficiency, with plans to integrate VAT data fully into the FIRST ([37]) platform for real-time oversight.

Despite the clear progress, certain processes, such as debt management and arrears tracking, still rely on legacy infrastructure, which may limit efficiency and interoperability. While Belgium's VAT processes are increasingly digitalised, the full integration of IT systems, notably the migration from the older Stiron application to the FIRST monitoring platform, is still underway and not expected to be complete until 2026.

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under Article 137 (such as real estate and certain financial services), from the SME scheme, and from national exemptions applied under standstill clauses or derogations.

[36] Commission's Ninth Report on VAT registration, collection and control procedures following Article 12 of Council Regulation (EEC, EURATOM) No 1553/89, EUR-Lex - 52022DC0137 - EN - EUR-Lex. / Answers to the survey sent to the Member States in June 2025 in view of the Tenth Report on the same subject matter.

[37] New central monitoring platform

4.2. Tax Recovery

The Belgian tax administration has adopted a tax recovery strategy to steer its recovery activities. Belgium does not regularly publish a dedicated tax recovery activity report, however the general report of the SPF Finances ([38]) includes some statistics about recovery activity, and some further statistics on tax recovery are published on the tax administration's website.

The closing stock of arrears at year end as percentage of total revenue collected in Belgium is below the EU average and has decreased slightly in recent years. The level of outstanding tax arrears at year end for Belgium decreased from 15.5% of total revenue in 2021 to 13.9% in 2023 ([39]). These figures suggest that the tax administration is capable to collect the taxes owed. This might be partly explained by the use of Professional Withholding tax ("Précompte Professionnel" - hereafter PrP) for wage earners. Under this system, the employer must retain this PrP from the gross wage and then pay the net wage to the wage earner and the PrP to the tax administration. For independent workers (in PIT) and companies (in CIT), the anticipated payments are strongly encouraged through a system of reward and penalty ([40]). In 2023, Belgium reported 6.9% of the closing stock of arrears to be collectible, representing a decrease compared to 2021. The prescription for tax recovery in Belgium is five years ([41]), starting from the date of the executability of the tax receipt. The prescription delay can be suspended in some cases.

Belgium has a practice of writing off tax arrears in VAT, direct taxes and excise duties. Specifically, small amounts are automatically written off once a year. However, the larger the debt, the more decision-making steps are followed before it can be written off. In Belgium, the tax collector is personally and financially responsible for the recovery of taxes and duties and must therefore prove that the non-recovery of the debt does not result from negligence, and that all measures necessary to obtain its full payment have been taken in a timely manner. A debt write-off releases the tax collector from this personal liability and allows for the termination of recovery proceedings.

Belgium does not have specific data available on the average time needed to decide at administrative level on contestations of tax claims. However, if a contestation of tax claims is brought before a court, the time to decide can vary between two and eight years.

Belgium has taken steps to accelerate recovery actions, increase their efficiency, and improve cooperation with the Dutch tax administration. Specifically, Belgium has developed the ARGUS project (AGPR), structured around three phases, which aim to: i) make all available information on the solvency available for analysis and deploy adequate measures, ii) immediately start pre-completed actions (inputs), which are intelligently tracked, iii) developing intelligent file tracking, with the implementation of signals for dormant files. At the same time, to address the challenge posed by tax debtors living in the Netherlands and Belgium, Project BENE ([42]), a cross-national project involving

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[38] https://www.2023.rapportannuel.finances.belgium.be/pdf/RA2023-nl.pdf

[39] Source: ADB, CIAT, IOTA, IMF, OECD, International Survey on Revenue Administration, Indicators: "Closing stock of arrears at year end as percentage of total revenue collected." and "Closing stock of collectable arrears as percentage of closing stock of arrears", http://isoradata.org

[40] See e.g. Art 159 of Income Tax Code

[41] Art. 443bis, §1, al. 1 of Income Tax Code

[42] Source: Tax Administration 2024 - © OECD 2024

both countries' tax administrations, was implemented in 2023. The project aims to increase compliance and decrease the need to formally request mutual recovery assistance, by issuing reminder letters. A first reminder letter is sent by the administration where the debt is due, and in the absence of a payment or a response after 30 days, a second letter is sent by the tax administration where the debtor resides. Only if both letters remain unanswered is mutual assistance requested. Furthermore, in 2024, Belgium introduced a new KPI ([43]) to measure the recovery rate, calculating it as the percentage of the amount of successfully recovered debts within 12 months, relative to the total amount of outstanding debt. For the period between 2022 and 2024, Belgium reports a recovery rate of 82.12%, 63.55% and 44.82 % for PIT, CIT and VAT, respectively.

Currently, Belgium does not have specific legislation on cooperation between the administrator of insolvency proceedings and tax recovery authorities. Belgium does not allow the tax recovery authorities to exchange information with the administrator of the insolvency proceedings concerning the assets that could be used for the recovery of the unpaid claims in the insolvency proceedings. Professional secrecy does not prevent the communication of information regarding the tax situation of a bankrupt taxpayer to the insolvency administrator, since the latter holds a judicial mandate and represents both the bankrupt individual and the body of creditors. However, due to the rule of professional secrecy, the administration is not allowed to disclose information about third parties. If the curator/the insolvency administrator is not acting as a representative of the person about whom the information is requested and is requesting information about a 'third party', the tax administration cannot provide such information.

Belgium participates in mutual recovery assistance under Directive 2010/24/EU. There is no formal internal control procedure for the timely and effective execution of requests, but ad hoc monitoring is carried out within the national liaison office for recovery assistance. Deadlines for acknowledgements and replies are only partially respected, mainly due to workload pressures, limited staffing and IT constraints. Efforts are underway to increase automation and mobility within the office to strengthen capacity. Low recovery rates are influenced by the age and size of claims and by debtor insolvency.

4.1. Use of Directive on Administrative Cooperation (DAC) ([44]) Instruments and Data ([45])

Belgium makes extensive use of DAC1 ([46]) and DAC2 ([47]) data for assessing taxation on individuals, but also company taxation where relevant. DAC1 (categories of income) ([48]) and DAC2 (financial accounts) data is currently used for awareness campaigns, voluntary compliance programs,

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[43] Belgium's reply to ART 27 Survey

[44] Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC, as subsequently amended

[45] Source: Yearly Assessment 2025 – Subject to confidentiality clause on DAC art. 23a

[46] Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC

[47] Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation

[48] Income from employment, Director's fees, Pensions, Life insurance products, Immovable properties

notification to generate disclosure, internal risk assessment ([49]), audits, and prefilling tax returns for most of the categories of income concerned. Data is used in the field of personal income tax, inheritance or wealth tax on assets and properties taxes, as well as for assessing corporate taxation, with significant increase in tax base assessed and tax assessed.

Data matching rates concerning individuals ([50]) are above the EU average in Belgium. In 2024, the average matching rate measuring success in identifying taxpayers with DAC data in was 96% for DAC1, and 95% for DAC2, much higher than the EU average ([51]) of 84% and 87%, respectively.

At the same time, Belgium uses DAC3 ([52]) (rulings) and DAC4 ([53]) (country-by-country report) data for risk-analysis purposes in the field of corporate income taxation. Belgium transfers all relevant DAC3 data to its national application and database, in order to apply automatic and manual identification, and to make the information available for risk analysis and tax audits. However, due to domestic technical issues, Belgium was not able to provide the percentage of DAC3 reports identified successfully for 2024. DAC4 reports are routinely matched for identifying the relevant taxpayers. The percentage of DAC4 reports identified successfully in 2024 is 81%, below the EU average (96%). The scope of the use of DAC4 reports is broad: economic and statistical analysis; enquiries into the MNE Group's transfer-pricing arrangements or into other tax matters in the course of a tax audit; audits limited to specific categories of transactions (e.g. transfer pricing). Belgium also developed a specific IT tool enabling data analysis on the complete set of DAC4 and country-by-country reports concerning the Belgian entities subject to transfer pricing reporting obligations, to support the services in charge of such a work. This is a good practice.

Belgium has increased the use of DAC6 ([54]) data. Belgium routinely matched the whole data set available for identifying the relevant taxpayers, leading to an initial matching rate of 70% (to be updated at the end of the process). DAC6 data is mainly used for risk assessment, including assessing high-level risk of tax-harmfulness of arrangements reported, general audit, or audit limited to specific categories of transactions (e.g. transfer pricing).

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[49] Risk assessment: tax risk assessment is a key element of modern tax administration. It allows tax authorities to identify indicators that suggest specific taxpayers or arrangements may pose an increased risk to their jurisdiction and require further actions in terms of compliance. In general, EU tax authorities use automated methods based on domestic data and information received from other jurisdictions. Yet, a manual element may remain, as (i) tax authorities vary in terms of whether tax risk assessment is conducted centrally by a specialist risk assessment team incorporating input from the compliance function, or locally by the compliance team (or tax inspector); (ii) some data types remain challenging to be automatically processed, e.g. literal summaries.

[50] The matching rate indicates to what extent a Member State has been able to identify their taxpayers in their national tax databases with information received from other Member States under the DAC. Such matching is necessary to ensure that the data can be used for tax compliance purposes. The matching rates mentioned in this report are based on the metrics approved by the tax authorities in the TADEUS meeting of December 2024.

[51] Income from employment, Pensions, Director’s fees, Ownership and income from Immovable properties.

[52] Council Directive (EU) 2015/2376 of 8 December 2015 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

[53] Council Directive (EU) 2016/881 of 25 May 2016 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

[54] Council Directive (EU) 2018/822 of 25 May 2018 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements.

Belgium makes regular use of the advanced instruments provided for in DAC to facilitate cooperation on specific cross-border issues, such as simultaneous audits. The synergies between participating Member States derived from these coordinated activities usually lead to an increase in the tax assessed and, therefore, contribute to reduce the tax gap**.** Over the past three years, Belgium initiated two simultaneous audits and was involved in 2024 in 18 other cases initiated by other Member States.

Belgium uses the data obtained from the automatic exchange of information in coherence with the objectives of the DAC. It is particularly advanced in processing and using systematically data related to individuals (DAC1 and DAC2), with a view to identifying critical situations that could affect its tax base. As regards the impact on company taxation, the resolution of the above-mentioned technical issues (DAC3) and the widespread use of DAC4 and DAC6 in analysis tools, are expected to further increase the use of the information. Belgium also makes appropriate and regular use of the advanced cooperation tools like simultaneous controls.

5. Digitalisation and Compliance

Belgium has made important steps with respect to the digitalisation of the tax administration, with high adaption rates for the digital indicators and the existence of a digital transformation strategy.

5.1. Digital Transformation, Skills, and Culture

Over the past decade, Belgium's fiscal administration has progressively embraced digitalisation as a strategic priority. Beginning with the adoption of the 'Only Once' principle in 2014 ([55]), Belgium has taken important steps to transform tax processes into primarily digital, integrated systems. Specifically, the 'Only Once' principle requires public administrations to reuse data from central registers, instead of repeatedly asking citizens and businesses for the same information. The strategic plan *Plan BO 2022-24* ([56]) continued the digital transformation with a broader aim of boosting performance, intelligence, collaboration, and measurement in public services, pushing forward automation and service orientation.

Belgium has recently introduced reforms in view of aligning with the EU's VAT in the Digital Age (ViDA) initiative and further its broader digital tax strategies. A key recent development is the upcoming mandatory business-to-business e-invoicing regime starting January 2026, using the *Peppol* network ([57]) and structured invoice formats, which is meant to modernize compliance and reduce VAT fraud. Moreover, Belgium plans to implement near real-time e-reporting of transaction-level VAT data by 2028, connecting invoicing and point-of-sale systems to the tax authority and thereby eliminating or simplifying periodic manual VAT reporting obligations.

[55] https://news.belgium.be/fr/statut-intermediaire-du-programme-only-once-0
[56] https://spfeconomie22-24.belgium.be/
[57] The *Peppol* network is a secure, international network that allows businesses and government bodies to exchange structured electronic documents, like invoices and purchase orders.

The tax administration has supported the use of advanced digital tools to optimize tax processes, however it still faces important challenges. Over time, the administration has also invested in risk-based screening tools, integrated compliance modules, and IT backbone upgrades to support better automation, data analytics, and audit readiness. At the same time, challenges persist with legacy systems still needing to be fully replaced and the full interoperability across platforms has yet to be implemented. The shift to digital services is less about simply converting paper processes into digital ones and more about reengineering tax administration through seamless data flows, real-time monitoring, and enhanced taxpayer convenience. It should be also noted that Belgium, together with other BENELUX countries, was at the origin of the Transaction Network Analysis ([58]) electronic tool that is used since 2019 at EU level by the Eurofisc network to identify VAT fraud in cross-border transactions.

The Belgian administration requires individuals and businesses to use an approved digital identity to access secure digital services ([59]). It is estimated that more than 80 % of the individual taxpayers and businesses use an approved digital identity to access secure digital services offered by the administration.

The Belgian administration implements a coordinated approach across the tax administration to streamline digital services, aiming for important achievements by 2028 ([60]). Specifically, the tax administration is pursuing three overall objectives at the level of SPF Finances: (i) fully digitalise all administrative procedures by 2028; (ii) ensure easier to use digital services by 2028, through the implementation of various projects and initiatives, and a new legal framework that allows business partners to easily link *MyMinfin* information to their own systems; (iii) by 2028, the information on digital service delivery must be available, adequate and relevant, to ensure all the necessary information for an online interaction is available on the website.

5.2. Front end Digitalisation

5.2.1 Pre-filling

In line with most EU Member States, Belgium provided in 2022 pre-filling facilities for personal income tax returns ([61]). This should contribute to reducing the burden of tax compliance and providing greater tax certainty for individual taxpayers and the tax administration. According to a recent Eurobarometer survey, 50% of citizens in Belgium find it very easy or fairly easy to complete their tax return, placing them 15th among EU Member States ([62]).

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[58] https://taxation-customs.ec.europa.eu/taxation/vat/vat-and-administrative-cooperation/eurofisc_en

[59] OECD Inventory of Tax Technology Initiatives 2024**.** https://data-explorer.oecd.org/, Note that data is self-reported by tax administrations and therefore not 100 % objective or comparable.

[60] https://finances.belgium.be/fr/les-services-digitaux

[61] OECD Inventory of Tax Technology Initiatives 2024 (OECD Data Explorer • Inventory of Tax Technology Initiatives).

[62] European Commission: Directorate-General for Taxation and Customs Union and Directorate-General for Communication, *Citizens' attitudes towards taxation – Eurobarometer report*, European Commission, 2025, https://data.europa.eu/doi/10.2778/6066713

Belgium does not offer pre-filling for VAT or CIT returns. However, this is also the case in the majority of Member States. It is also important to consider the VAT in the Digital age package proposal (ViDA). Implementing ViDA will lead to the introduction of digital reporting and e-invoicing in more Member states, thereby providing the conditions to introduce pre-filled VAT returns ([63]).

5.2.2 E-filing

Belgium has e-filing rate (filing of tax returns in a digital manner) for CIT returns above the EU average. In 2023, Belgium reported an e-filing rate of 99.9% for CIT, higher than the EU average of 97.1% ([64]). This indicates that almost every company in Belgium file their taxes electronically and represents an increase of 0.7 percentage points from 2018.

The e-filing rate for PIT returns (92.9% in 2023) is also high and above the EU average (87.1%) ([65]). This is a slight increase from 2018 (89.5%) and highlights that Belgium has been ahead of the curve in the EU with respect to this indicator. The fact that more than 90% of individuals file their taxes electronically, likely indicates that the e-filing facility is easy to navigate and has clear, straightforward instructions.

Lastly, Belgium had e-filing rate for VAT returns (99.7%) above the EU average (99.2%) in 2023 ([66]). This represents an increase since 2018 (98.6% in Belgium and 94.7% in the EU). This high rate improves Belgium's ability to analyse trends and detect VAT fraud.

The high e-filing rates in Belgium suggest that Belgium is well advanced in the digitalisation process. This also suggests a lower compliance burden for Belgian taxpayers compared to the EU average. At the same time, it is also beneficial to the tax administration, as e-filing reduces manual work and administrative costs, frees up resources that can be allocated to other functions and allows for quicker or automatic detection of potential fraud or tax evasion.

The Belgian tax administration has in place a project to provide an integrated IT tool for taxpayers subject to the Pillar 2 directive. This project ([67]) aims to define the content of the declaration, notification and warnings-role extracts, and to develop e-services in the *MyMinfin* portal for the process of declaration and complaint, as well as for digital interactions. The project also includes the development of the necessary back-office tools to support the processing process (statements, registrations, sanctions, claims and interactions with the target group). The complementary regulations and circulars will also be produced and integrated into the communication for internal and external target groups, and they are finalizing the Qualified Domestic Minimum Top-up Tax (QDMTT) declaration.

[63] VAT in the Digital Age - European Commission (europa.eu)
[64] International Survey on Revenue Administration data. https://data.imf.org/en/datasets/ISORA:ISORA_LATEST_DATA_PUB
[65] Ibidem.
[66] Ibidem.
[67] SPF Finances Plan opérationnel 2025

5.2.3 Provision of other online Services

The Belgian tax administration offers a central online platform, *MyMinfin* ([68]), which provides numerous services to taxpayers aimed at reducing compliance costs. Through this platform, users can consult various documents such as tax assessment notices (calculation notes), tax records, cadastral income of real estate, deeds related to property transactions or seizures, and lease agreements. In addition, taxpayers can provide or modify personal information, including their bank account number for tax reimbursements and their contact details such as mobile phone or telephone number. MyMinfin also enables users to submit various requests, such as applying for a payment plan or obtaining a cadastral extract. The platform further allows users to pay outstanding debts, such as personal income tax, and to file complaints regarding the calculation of their taxes.

According to a recent Eurobarometer survey, 45% of citizens in Belgium believe that support for filing tax returns provided by the tax administration is either fully adequate or mostly adequate, placing them 15th among EU Member States ([69]).

5.3. Back-end Digitalisation

5.3.1 Use of Artificial Intelligence by the Tax Administration

The Belgian tax administration employs artificial intelligence systems since 2020. Belgium uses AI to automatically classify appeals brought by citizens and filter out irrelevant requests ([70]). Belgium also uses predictive risk analysis based on AI to determine which tax return should be verified. AI is also used for web scraping, which is the process of collecting data from websites to match with their existing database. There is an on-going feasibility study to develop an internal generative language model capable of answering questions on non-resident taxation ([71]).

The 2025-2029 government agreement explicitly foresees an intensification of the use of AI to fight tax avoidance. A number of test projects are underway to determine whether AI can assist in synthesizing the large amounts of data available to the tax administration.

The Belgian Tax administration is also at the forefront of fighting cross-border VAT fraud using advanced electronic systems. Notably, Belgium authorities were successful in convincing other Member States to follow their approach in 2018, which allowed for the development of the Transaction Network Analysis used by Eurofisc. The scoring system will be proposed to be deployed at EU level in Eurofisc. However, it should be noted that automated decision making is prohibited by the GDPR so further assessment of this approach would be necessary.

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[68] https://www.minfin.fgov.be/myminfin-web/pages/public

[69] European Commission: Directorate-General for Taxation and Customs Union and Directorate-General for Communication, *Citizens' attitudes towards taxation – Eurobarometer report*, European Commission, 2025, https://data.europa.eu/doi/10.2778/6066713

[70] SPF Finances: Objectif stratégique : Intelligent

[71] Ibidem

5.4 Compliance Risk Management

5.4.1 Compliance Risk Management Strategy

Belgium has a formal compliance risk management strategy in place, allowing for identification, assessment and prioritisation of key compliance risks ([72]). All possible areas are covered by this strategy including return filing, payment processing, collection enforcement, verification/audit and taxpayer service ([73]). Belgium does not make the risks public and does not publish the results in addressing the risks.

5.4.2 Audit Types

The Belgian tax administration performs desk audits, single issue audits, limited scope audits, comprehensive audits and avoidance and evasion investigations ([74]). The large variety of intervention processes indicates the administration's capacity to target all aspects of potential non-compliance. It may also be the result of the risk analysis performed by their AI systems allowing the administration to apply the appropriate intervention based on the perceived risk reported.

In the hospitality sector (HORECA), all restaurants and bars with an annual turnover of more than EUR 25 000 must be equipped with Certified Cash Register System (SCE), or "black-box". This system is connected to the cash register and issues notes, receipts or cash receipts; it is linked to the VAT declaration. Tax auditors can retrieve and verify transactional data recorded in the system's during on-site inspections.

More recently, the Belgian tax administration has announced the introduction of a data mining algorithm to detect anomalies between a taxpayer's tax return and his/her bank accounts, life insurance and other financial assets. This system is based on the Central Contact Point (CCP), a database managed by the National Bank of Belgium. This central file constitutes the backbone of digital tax surveillance. It contains Belgian bank accounts, current accounts and savings accounts opened in Belgium, bank accounts abroad (data from automatic information exchange agreements), life insurance, capitalization contracts, securities accounts, cryptocurrency portfolios and online gaming accounts. In the first phases of the analysis, data collected is pseudonymised. If the algorithm detects an anomaly and this anomaly is double check by a human controller. If this controller validates the anomaly based on the pseudonymised data, the administration can request the lifting of pseudonymisation. The taxpayer real identity is then revealed, and the file is forwarded to a tax inspector for further investigation.

[72] ISORA database. https://data.rafit.org/regular.aspx?key=74180916 – tab "CRM Strategy"
https://data.rafit.org/regular.aspx?key=74180916 – tab "Post filing enforcement actions" and "interventions after filing, intervention effectiveness"
[73] https://data.rafit.org/regular.aspx?key=74180916 – tab "CRM Strategy"
[74] https://data.rafit.org/regular.aspx?key=74180916 – tab "Post filing enforcement actions" and "interventions after filing, intervention effectiveness".

5.4.3 Staff Dedicated to Audit, Investigation and Other Verification Functions

In 2023, the Belgian tax administration assigned 35.43% (39.12% in 2018) of full-time equivalents (FTEs) to audit, investigation and other verification functions (EU average of 32.2% in 2023 and 32.1% in 2018) ([75]). While revenue generation is important to the tax administration, they place equal value in fostering voluntary tax compliance. An explanation for the decrease in FTEs in audit related functions may be the longstanding use of IT systems in the tax administration (e.g., the use of IT risk analysis to pilot CIT audits in Belgium started in the first decade of the century).

5.4.4 Additional Revenue from Audits as a Share of Total Revenue

In Belgium, the additional revenues raised from audits was equal to 7.34% of total net revenue in 2018 and 5.74% of total net revenue in 2023 ([76]). This is significantly above the EU average for both years (2.77% and 1.6%, respectively). The moderate decrease from 2018 to 2023 follows a similar trend to the EU average. Given the advanced level of digitalisation (particularly in AI and risk analysis) in Belgium, these relatively high figures probably reflect a rather poor level of voluntary compliance that might be exacerbated by the very high tax burden in Belgium.

5.5 Tax Complexity

Belgium ranks 22nd out of the 27 Member States in the Tax Complexity Index ('TCI') ([77]), where a higher rank corresponds to lower tax complexity. The TCI is based on the Global MNC Tax Complexity Project, a joint research project of Deborah Schanz (LMU Munich) and Caren Sureth-Sloane (Paderborn University). The TCI 2024 places Belgium 8th among the Member States with regards to Tax Code Complexity, and 27th with regards to Tax Framework Complexity. This may indicate that, whereas the structure of the tax regulations is rather efficient, multinational corporations perceive tax processes to be burdensome and onerous (notably in the area of audits, according to the authors).

[75] Own elaboration based on ISORA data.
[76] Ibidem.
[77] See: https://www.taxcomplexity.org/ The aim of the Global MNC Tax Complexity Project is to identify the determinants of tax complexity, to develop and maintain an index measuring the level of tax complexity across countries [Tax Complexity Index, TCI] and to examine the effects of tax complexity. The Tax Complexity Index measures the complexity of a country's corporate income tax system as faced by multinational corporations. The closer a country is to the first position of the ranking, the lower level of complexity it exhibits, and vice versa.