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## **How can you still distribute a dividend at the 15% rate (instead of 18%) before 1 May 2026?**

In light of the parliamentary proceedings, it appears that the reduced withholding tax rate (WHT) of 15% will increase to 18% for dividends attributed or paid as from 1 May 2026. How can you still distribute a dividend at 15% until 30 April 2026?

- If an individual has made a fully paid-up cash contribution to the capital of BelCo as from 1 July 2013, and BelCo qualified as an “SME” at that time, a dividend distribution by BelCo benefits from a reduced WHT rate of 15%. The standard WHT rate is 30%. At the time of this capital increase, BelCo must have issued registered, non-preferential shares. Except in cases of inheritance and certain donations, this individual must also remain the full owner of the BelCo shares without interruption.
- Please note: this reduced WHT rate only applies if the dividend distribution relates to the appropriation of profits from the 3<sup>rd</sup> financial year following the year of the contribution. For a contribution made no later than 2023, this corresponds to 2026.
- The extraordinary general meeting of BelCo’s shareholders may, in 2026, distribute an “intermediary dividend” charged to distributable reserves from a financial year that has already been closed. If BelCo is a public limited company (SA) or a private limited liability company (SRL), it may distribute an “interim dividend” if this is provided for in its articles of association. This dividend is imputed on distributable reserves of the current financial year, or of a previous financial year if the annual accounts have not yet been approved. Both types of dividends are considered a “distribution of profits of the current financial year,” i.e., 2026.
- However, the formal decision to distribute the dividend must be taken no later than 30 April 2026, regardless of the later effective payment date. To evidence this date, it is recommended to have the minutes of the general meeting digitally signed or formally registered. A third party (accountant or notary) may also validate the date.
- The Minister of Finance has confirmed that a dividend distribution validly decided upon no later than 30 April 2026 does not constitute “tax abuse.” The dividend amount may also be recorded in a current account. However, it is preferable to transfer the dividend by bank before 1 May 2026 with the reference “dividend”.
- If the dividend is allocated via an early general meeting, the approved annual accounts must be filed with the National Bank within one month.
- BelCo must file a WHT return (form 273A) online within 15 days following the dividend distribution and pay the WHT to the tax authorities. Under penalty of director liability, BelCo must also comply with the net asset test and the liquidity test.