Tax Newsletter

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<u>**Author's rights anno 2026: "*I am back, baby!*"**</u>

How will income derived from (con)cession of copyrights be taxed from 2026 onward?

- Software developers are eligible again (because art. 17, §1, 5° of the Belgian Income Tax Code refers again to Book XI, Title 6 Economic Law Code), as well as traditional digital professions (web designers, content creators, game designers, etc.) and journalists. Anyone creating digital or printed content is best off using 'no code' graphic design software.
- Anyone transferring or licensing qualifying copyrights to a third party for 'communication to the public' (15-200 people are enough), 'performance', or 'reproduction' will be taxed at 15% personal income tax. The Minister of Finance has confirmed that these are 3 independent, equivalent and thus alternative concepts. The tax authorities have the burden of proof to show that the income does not qualify and is, for instance, a 'profit' (Ghent, 03.02.2026).
- Up to a certain threshold, copyright royalties are considered 'investment income'. If the transfer of copyrights involves a service provided (e.g. promotion), the 'investment income' threshold is 30% (25%-20% according to usual ruling practice) of the 'financial envelope'. There is an absolute cap of EUR 77.220 (income 2026). The excess is usually taxed progressively as 'professional income', possibly with the application of real cost deductions. The 'financial envelope' is the gross salary of the employee at hand before social security deductions. The Ruling Commission further reduces the cap proportionally for non-creative time spent by the employee, e.g. project management, training, etc.
- If the average of the copyright royalties over the past 4 years exceeds EUR 77.220, the entire royalty is considered 'professional income'.
- Only those who have an art certificate benefit from a stepwise lump-sum cost deduction of max. 50% (and thus 7,5% effective personal income tax). Other recipients can deduct actual professional costs. The income must be declared in the personal income tax return. The debtor prepares a form 281.45.
- Self-employed freelancers and company Directors also qualify for this regime. The Director of a management company did not have to apply the 30% limit due to no additional services.
- Copyright royalties borne can be immediately booked as expenses and are tax-deductible. However, if used long-term for the business activity, they are capitalized and depreciated linearly over at least 5 years.
- The existing conditional social security exemption should ideally be aligned with the new tax regulations. This personal income tax regime has no impact on the applicable VAT rate.