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Mind the Gap 2026: Country fiche – Belgium

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Mind the Gap 2026: Boosting public finances through joint efforts to reduce tax gaps and improve compliance

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Country fiche: Belgium

Summary box: Areas of Strength and Areas for Improvement

Areas of Strength

- **Belgium has a well-developed process of tax expenditure reporting in place and provides a good level of transparency**. Nevertheless, more up-to-date reporting and stepped-up evaluation would make this information more useful for policy making.

- **Belgium's tax administration uses effective compliance risk management approaches.** The compliance risk management system uses AI-driven risk analysis, behavioural tools and automation to improve compliance.

Areas for Improvement

- **Belgium's high number of tax expenditure provisions results in a considerable amount of forgone revenues, with many stemming from VAT-related measures.** The 'Federal Inventory of Tax Expenditures' estimated total forgone revenues to be EUR 39.4 billion in tax year 2024 (revenue 2023), a growth from 6.29% of GDP in 2018 to 6.74% of GDP in 2023, with VAT-related measures accounting for over two-fifths of the quantified total. Given the considerable revenue impact of the tax expenditures in place, it would be useful to evaluate their cost effectiveness. This is particularly relevant as some existing measures are not means-tested and have a regressive effect. The national court of auditors also highlights the fact that tax expenditure reporting in Belgium does not include evaluation. Introducing a dedicated evaluation framework could improve overall effectiveness, governance and performance of tax expenditures.

- **Belgium's VAT compliance gap was among the highest in the EU in 2023, at 12% of the VAT Total Tax Liability (VTTL).** However, the recent reform of mandatory e-invoicing for B2B transactions and future reforms of digital reporting requirements are expected to help improve VAT compliance.

- **It could be useful to invest in building capacity to estimate the direct tax gap.** As far as the European Commission is aware, Belgium does not publish any estimates of the corporate income tax (CIT) and personal income tax (PIT) compliance gaps.

1. Introduction and policy context

1.1. Snapshot of the tax system

The tax-to-GDP ratio in Belgium is one of the largest in the EU, though revenues from consumption taxes are relatively low. Tax revenue (including social contributions) reached 42.8% of GDP in 2024, 3.4 percentage points (pps) above the EU average (OF[1]). Belgium's tax mix has traditionally shown a strong reliance on labour taxes, which accounted in 2024 for 51.8% of total tax revenue (similar to the 51.5% EU average). The share of revenues from capital taxes (25.7% in 2024) is significantly above the EU average (21.6%). Conversely, revenues from consumption taxes are relatively low (22.1% of the total, 4.7 pps below the EU average), despite being seen as a relatively growth-friendly source of tax revenue. Within that, VAT revenues are comparatively low (6.2% of GDP in 2024, 0.9 pps below the EU average) in a context of a VAT compliance gaps above EU average (see section 2.2) and high policy gaps (section 3.2).

The tax wedge on labour is very high for almost all income levels. The tax brackets are very narrow, and even average income earners are therefore liable to the highest income tax rates (45% and 50%). This results in significant low-wage traps, where additional earnings are quickly taxed away ([2]). As a result, the tax wedge ([3]) is well above the EU average at almost all income levels, except for very-low-income earners. At 35.9 pps in 2025, the difference in the tax wedge between high-income (167% of average wage) and low-income earners (50% of average wage) was the largest in the EU (average: 12.5 pps) ([4]). On the other hand, the effect of the tax and benefit system on reducing the Gini coefficient was in 2024 one of the highest in the EU (12.6 pps vs EU average of 7.7pps) ([5]). Likewise, income inequality, measured by the income quintile share ratio (S80/S20), was in 2025 (income reference year 2024) the lowest in the EU (3.25 vs 4.62) ([6]). The at-risk-of-poverty and social exclusion -AROPE rate ([7]) also remains well below the EU average (16.5% vs 21.0%).

[1] Data on tax revenues are based on European Commission: Data on Taxation Trends, edition 2026 (reference year 2024), which are produced by DG Taxation and Customs from ESA table 9 and National Tax List data, as collected and validated by Eurostat. The 2027 edition (reference year 2025) will be published in the first quarter of 2027. Recent Eurostat release shows a tax-to-GDP ratio of 42.3% in 2025, compared to an EU average of 39.7% (data of 30/10/2026 on [GOV_10A_TAXAG]).

[2] European Commission Country Report Belgium 2026.

[3] The tax wedge is an indicator of the tax burden on labour that can be assessed at different earnings levels. It is calculated as the sum of personal income tax, employee social-security contributions, employer social-security contributions and other mandatory contributions, net of cash family benefits where relevant, expressed as a percentage of total labour costs (composed of the gross wage plus employer social-security contributions). Data are based on the EUROMOD model, calculated by the Joint Research Centre of the European Commission. Unless indicated differently, values indicated in this country fiche refer to single earners.

[4] While the tax wedge for an earner of 50% of the average wage is, at 21.9%, among the lowest in the EU; the tax wedge is the highest in the EU for middle (100% of the average wage) and high-income (167% of the average wage) individuals. High marginal tax rates for lower-middle to middle incomes result in significant low-wage traps where additional earnings are taxed away quickly through higher taxes and reduced benefits.

[5] European Commission, DG ECFIN calculations based on EU-SILC survey data. A Gini coefficient of 0 expresses perfect equality where everyone has the same income, while a coefficient of 100 expresses full inequality where only one person has all the income. The difference between the "gross" (excluding pensions from social transfers) and the "net" Gini coefficient, i.e. before and after application of the tax-benefit system, reflects the difference between market income and disposable income.

[6] The income quintile ratio (S80/S20) is a headline indicator in the EU Social Scoreboard used to monitor income inequality. It measures the ratio between the total equivalised disposable income received by the top 20% of the population and the bottom 20%.

[7] Share of people living in households experiencing at least one of the three poverty and social exclusion risks: risk of poverty, severe material and social deprivation, and/or living in a household with very low work intensity.

Belgium has been under the Excessive Deficit Procedure (EDP) since July 2024, with a Council recommendation to put an end to the excessive deficit by 2029 ([8]). Belgium had a government deficit of 5.2% of GDP in 2025 (up from 4.4% in 2024) and a government debt of 107.9% (up from 103.9%). Both values are well above the reference values of 3% and 60% respectively. In 2026, Belgium did not receive country-specific recommendations (CSRs) in the area of taxation ([9]). Belgium passed a reform in early 2026 which aims to reduce the tax burden on labour and introduces a 10% capital gains tax on realised capital gains on financial investments, including crypto-assets This was introduced in the context of the commitments made within the medium-term fiscal structural plan (MTFSP) ([10]) and aims to make work more financially rewarding.

1.2. Tax complexity and simplification measures

1.2.1. Measures of tax complexity

Belgium's tax system appears relatively complex compared with the EU average. Survey-based evidence from the Tax Complexity Index (TCI) places Belgium among the more complex systems in the EU, ranking 22nd among Member States. The underlying components of the TCI suggest that complexity arises both from the design of tax rules and from administrative procedures ([11]). On the other hand, citizen perceptions are somewhat more moderate. According to the 2025 Flash Eurobarometer on citizens' attitudes towards taxation, 50% of respondents in Belgium report that completing their tax return is easy, broadly in line with the EU average of 49%, while reliance on professional assistance is slightly below the EU average (7% compared with 9%) ([12]). This apparent contradiction might be explained by the fact that for PIT, Belgium has implemented a pre-filling system. Moreover, e-filing is widely used for CIT, VAT, PIT (see section 4.2); the e-filing system contains pop-up windows clarifying the way many fields must be filled in.

Legislative activity appears considerably higher than in most other Member States. This is also related to the new government being formed after a long interim period. Belgium recorded 43 tax changes which were announced or entered into force in 2025, compared with an EU average of around 14 ([13]). Previous years saw 9 tax changes in 2024, 15 in 2023 and 17 in 2022. While tax changes are necessary to update and sometimes simplify the tax system, when they are numerous as in 2025 it can raise compliance costs by requiring taxpayers to adapt to many new rules in a short time. The new measures span a broad range of taxes, including personal income taxation, corporate income taxation, VAT, environmental taxes, social security contributions and wealth taxation. This represents a comprehensive reform package rather than isolated legislative adjustments. Several measures are directly relevant for businesses, including changes to the corporate tax treatment of company directors, an increase in the bank tax, higher insurance

[8] https://data.consilium.europa.eu/doc/document/ST-10166-2025-INIT/en/pdf.
[9] https://data.consilium.europa.eu/doc/document/ST-11113-2026-INIT/en/pdf.
[10] Council Recommendation of 20 June 2025: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:C_202503698
[11] The Tax Complexity Index (TCI), developed under the Global MNC Tax Complexity Project, measures the complexity of countries' corporate income tax systems as faced by multinational firms. Based on survey data from tax professionals, it captures both the complexity of tax rules (tax code) and administrative procedures (tax framework), with values ranging from zero (not complex) to one (extremely complex).
[12] European Commission (2025), Flash Eurobarometer 562: Citizens' attitudes towards taxation, fieldwork conducted between 9 and 17 April 2025. Available at: https://europa.eu/eurobarometer/.
[13] The information is based on the tax measures reported by national administrations in the Joint OECD-European Commission Annual Tax Policy Reform Questionnaire, by aggregating and processing the responses received to the 2026 questionnaire. Responses to the 2026 questionnaire are relative to tax policy measures self-reported by the Member States that were implemented, legislated, or announced in each country between 1 January and 31 December 2025. While comprehensive, the list of tax measures is non-exhaustive.

taxation, and the introduction of a capital gains tax. Many of these reforms also pursue objectives related to equity, employment or environmental sustainability. Overall, tax complexity seems to arise both from the underlying architecture of the tax system and from substantial legislative activity, even though perceived compliance burdens appear more moderate than in some other Member States.

Demand-side indicators provide mixed evidence on the tax compliance burden. The accounting, bookkeeping and tax consultancy sector accounts for around 0.9% of gross operating surplus, in line with the EU average ([14]). While this indicator is influenced by several factors, it does not point to an unusually large professional services sector or an exceptionally high demand for specialised tax and accounting expertise ([15]).

1.2.2. National simplification efforts

Over the past years, Belgium has made important steps to increase the level of digitalisation of the tax administration. 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. Belgium's tax filing system is advancing digitalisation, though full IT integration and pre-filling remain works in progress. (See section 4.2)

The Belgian administration requires individuals and businesses to use an approved digital identity to access secure digital services ([16]). It is estimated that more than 80 % of individual taxpayers and businesses use an approved digital identity to access secure digital services offered by the administration.

In February 2026 Belgium implemented a modernised VAT chain to simplify the way in which VAT is declared, paid and refunded, and to make the system more transparent and efficient. As a next step, the traditional VAT current account disappeared on 1 May 2026 to be replaced by a VAT provision account. Taxable persons must deposit money into this account, after which the tax authorities automatically deduct the amounts due when a VAT return is processed. This has also positive implications for VAT recovery and might reduce the chance of misusing the system for fraud. Through the online portal *MyMinfin*, taxable persons can always see the available balance in their VAT provision account. This provides a clear picture of how much VAT reserve remains for future returns.

The Belgian tax administration implements a coordinated approach to streamline digital services, aiming for important achievements by 2028 ([17]). Specifically, the tax administration is pursuing three overall objectives at the level of FPS Finances: (i) fully digitalise all administrative procedures by 2028; (ii) ensure easier to use digital services by 2028, through the implementation

[14] A higher share of gross operating surplus indicates that the accounting, bookkeeping and tax consultancy sector generates a relatively larger share of operating profits and value added in the economy. While not a direct measure of tax complexity, it may point to a comparatively important professional services sector and, indirectly, to greater demand for specialised tax and accounting expertise.

[15] While some cross-border provision of accounting, tax consultancy and related services may be captured through imports and exports of services, available evidence suggests that such flows are relatively limited. In particular, data from the Eurostat's EU inter-country supply table at basic prices (reference year 2023) indicate that cross-national transactions in these services represent only a small share of overall activity, if any, suggesting that their impact on the interpretation of domestic sector size is likely to be limited.

[16] 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.

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

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 that all the necessary information for an online interaction is available on the website.

1.3. Measures of the non-observed economy and the shadow economy

Estimates of economic activities outside the formal economy are relevant for gauging tax gaps. The non-observed economy (NOE) is an official figure provided by national statistical authorities estimating all economic activities that may not be captured in the basic data sources used for compiling national accounts. It includes underground, informal, illegal, and household self-use production, as well as activities missed due to imperfect data collection ([18]). The shadow economy is an analogous but narrower concept— used in the economic literature and measured via macroeconomic models — that usually encompasses only legal, market-based productive activities deliberately concealed from public authorities to evade taxes or regulations. Due to limitations and methodological differences between the two approaches, model-based estimates of the shadow economy paradoxically often turn out to be considerably higher than NOE-based estimates.

Specifically, recent data from official sources ([19]) allow to estimate the size of the non-observed economy (NOE) in Belgium at 5.1% of GDP in 2021. The NOE estimate comprises the underground economy (4%), statistical deficiencies (0.8%) and illegal economy (0.5%), while the informal economy is only 0.04% of GDP. Belgium thus records a NOE below the EU average (7.4% of GDP) ([20]). The largest part of the non-observed economy is concentrated in 'Wholesale and retail trade' (1.5% of total GVA) and 'Construction' (1.4%). At industry level, the highest shares of NOE are accounted for by 'Activities of households as employers' (58.4% of its GVA), 'Accommodation and food service activities' (34.3%), 'Construction' (25.9%) and 'Other service activities' (20.4%).

Different models produce substantially different estimates for the shadow economy, reflecting the complexity of making such estimations. As in most EU Member States, model-based estimates of the shadow economy for Belgium are higher than the non-observed economy estimate discussed above. In 2022, the shadow economy in Belgium represented 16% of GDP, according to estimates by Schneider and Asllani for the European Parliament ([21]). This ratio is 1.6 percentage points lower than the EU-27 average, and it has decreased compared to 2003 (21.4% of GDP). The report also indicates that personal income taxes and indirect taxes are among the main drivers of the shadow economy in Belgium. Several other studies provide estimates of similar magnitude for the size of the shadow economy ([22]). However, using a currency demand approach

[18] Statistical deficiencies (N7) are related to incomplete, not collected or not directly collectable data. See Fernandes, A. (2025), The non-observed economy in the national accounts: New evidence for EU and EFTA Member States - available at https://www.sciencedirect.com/science/article/pii/S0313592625000712 - for the definitions of the other components of NOE: Producers deliberately not registering (N1); Illegal economy (N2); Producers not required to register (N3); Registered legal persons not surveyed (N4); Registered entrepreneurs not surveyed (N5); Producers deliberately misreporting (N6). Informal economy = N3+N4+N5. Underground economy= N1+N6. In other words, the informal economy specifically covers unregistered or small-scale unincorporated enterprises run by households.

[19] For data and documents used for calculations by TAXUD, see Section 1.3 "Measures of the non-observed economy and the shadow economy" in Annex A to this report (Methods, Data and Assessment Framework of the Country Fiches) .

[20] The (unweighted) EU average does not include Luxembourg.

[21] This study uses a MIMIC approach (Multiple Indicator Multiple Cause). European Parliament (2022), Taxation of the informal economy in the EU. Study available at: https://www.europarl.europa.eu/RegData/etudes/STUD/2022/734007/IPOL_STU(2022)734007_EN.pdf.

[22] See Fernandes op. cit. (2025) for an overview of various studies.

(CDA), a recent study by EY ([23]) reports lower estimates for the Belgian shadow economy at 6.6% of GDP in 2023 (EU average 7.9%), down from 9.7% in 2000 (EU average 13.2%).

2. Compliance tax 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, other than its involvement in the EU VAT gap estimation exercise.

Belgium is taking action with regard to tax gaps, in particular for VAT. The VAT compliance gap is rather high (in Belgium (see also section 2.2). New measures have been introduced in 2026, that, along with the EU Digital Reporting Requirements (DRR) included in the EU's VAT in the Digital Age (ViDA) package, should help reduce the VAT compliance gap.

Belgium has contributed to the TADEUS/Fiscalis project on estimating tax gaps. The Fiscalis Project Group on Tax Gap Estimation, a collaborative initiative launched with the support of the European Commission, aims to develop a harmonised approach to estimating tax gaps across EU Member States. Belgium participated in the first cycle of the project, which was completed in 2025 ([24]). The second cycle was launched in 2026.

2.2 Compliance tax gaps in VAT

For 2023, the VAT compliance gap ([25]) in Belgium was estimated at around 12% of the VAT Total Tax Liability (VTTL) ([26]), 2.5 pps above the EU average. The VAT compliance gap in Belgium represented ca. EUR 5 billion in 2023. After falling from around 13% of VTTL in 2019 to 7% in 2021, it increased again in 2023, though remaining below the 2019 level ([27]). This rise was linked to a sharp reduction in the growth in consumption of easily taxable, low risk goods (such as food and non-alcoholic beverages) and an increase in bankruptcy declarations.

Belgium does not have a reliable calculation method to split the VAT compliance gap into different components (Missing Trader Intra-Community fraud ([28]), undeclared turnover and reduced rates abuse). However, the Belgian administration is working on a methodology for undeclared turnover based on an IMF model, that remains work in progress.

In 2026, Belgium enforced mandatory e-invoicing for B2B transactions between VAT taxpayers established in Belgium. By 2028, Belgium will also introduce near real-time reporting. The national mandatory e-invoicing and near real time e-reporting should mainly have an impact on national undeclared turnover. A substantial impact on MTIC/carousel fraud can also be expected as

[23] The report is available at https://www.ey.com/content/dam/ey-unified-site/ey-com/en-gl/insights/tax/documents/ey-gl-shadow-economy-report-02-2025.pdf.
[24] For details, please refer to the TADEUS website, the FISCALIS programme website and the Final Report of the Project.
[25] The VAT compliance gap is an estimate of revenues lost due to VAT fraud, evasion and avoidance, bankruptcies and financial insolvencies, or miscalculations.
[26] 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.
[27] 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.
[28] 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.

of 1 July 2030, when a synergy will be created between national Digital Reporting Requirements (DRR) and EU DRR included in the EU's VAT in the Digital Age (ViDA) package.

2.3 Compliance tax gaps in corporate and personal income tax

The European Commission is not aware of any corporate income tax (CIT) and personal income tax (PIT) compliance gap estimation exercise in Belgium. Estimating CIT and PIT compliance gaps could help policy makers understand the nature and magnitude of the problems related to CIT and PIT tax collection. In addition, measuring and monitoring compliance tax gaps can support tax administrations in assessing the effectiveness of their tax policy actions.

European Commission estimates suggest a below-average 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 is estimated at around 6.1% of collected CIT revenues based on 2021 data ([29]). Based on the same methodology, the (unweighted) average CIT compliance gap is 9.2% of collected CIT revenues across all Member States. Compared to an earlier estimate of around 5.5% in 2016, this indicates a slight increase over time, while remaining below the EU average.

2.4 Other compliance tax gaps

The Commission continues its work on excise gap estimation, developing and scrutinising methodologies with experts from over 20 Member States, with the aim of delivering more robust estimates that better support policy and operational work. This work also illustrates Member States' growing engagement in the field.

While Belgium does not currently estimate excise tax gaps, it devotes resources to strengthening EU cooperation on excise matters through its participation in the Fiscalis project group on Excise Gap and Risk.

There is currently no public information or evidence that Belgium estimates other compliance tax gaps. There are no official programmes or published figures for compliance gaps related to other taxes.

3. Policy Tax Gaps

3.1 Tax expenditure reporting and evaluation

Belgium provides comprehensive reporting on tax expenditure (TEs), in the 'Federal Inventory of Tax Expenditures', annexed to the annual budget. The version published in January 2026 by the Belgian FPS Finances ([30]) concerns the Federal Tax Expenditures of tax year

[29] European Commission estimates are based on a top-down methodology for approximating CIT compliance gaps using national accounts data. The approach relies on exhaustiveness adjustments made by national statistical offices to Gross Operating Surplus, Gross Value Added and Gross Domestic Product in order to account for non-observed economic activity in the compilation of GNI. The method provides a harmonised proxy for domestic underreporting of corporate income, but does not capture all sources of CIT revenue losses, in particular those related to international profit shifting or other forms of legal tax optimisation. For further information on the data sources, underlying assumptions and methodological caveats, see Annex A to this report (Methods, Data and Assessment Framework of the Country Fiches).

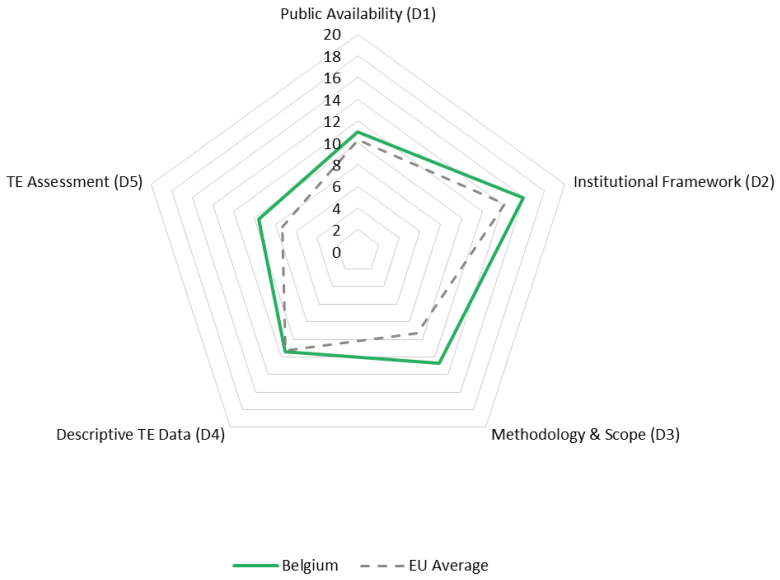
[30] FPS Finances is the public federal service ("SPF" in French) in charge of the finances and taxation of Belgium's federal government.

2024 ([31]). According to this report, quantified tax expenditure grew from 6.29% of GDP in 2018 to 6.74% of GDP in 2023.

Tax expenditures related to VAT are the largest source of revenues forgone, and this mostly relates to reduced rates. Tax expenditures are estimated to result in forgone revenues of EUR 39.4 billion in 2023, representing 6.74% of GDP or 21.2% of total tax revenues ([32]). The largest share of quantified forgone revenues results from VAT with EUR 16 billion or 2.7% of GDP in forgone revenues (43.3% of VAT revenue), followed by excise (23.5% of excise revenue). Reduced rates cause 97% of forgone VAT revenues, with the remaining 3% stemming from exemptions ([33]). Tax expenditures related to PIT represented EUR 9.6 billion or 1.6% of GDP (20.9 % of PIT revenue - a decrease compared to previous years). Tax expenditures related to CIT amounted to about EUR 3.8 billion or 0.6% of GDP (16.2% of CIT revenue).

TE-related measures are most often used to implement social policy objectives. Of this total, EUR 37.15billion was attributable to the federal government. Around three-quarters of the tax expenditures relate to social policy (EUR 16.7billion), primarily implemented through the application of a reduced VAT rate of 6% on essential goods and services (EUR 10.6 billion), as well as through tax exemptions on pensions, early retirement benefits and certain forms of replacement income (EUR 4.1 billion). Apart from this social objective, other federal tax expenditures are primarily aimed at promoting employment (EUR 6.7 billion) and encouraging saving and lending (EUR 3.5 billion).

Figure 1: Belgium vs EU average - GTETI dimension scores (max 20 per dimension)



Source: GTETI v2.1.

[31] https://www.dekamer.be/FLWB/PDF/56/1279/56K1279002.pdf.

[32] Ministry of Finance, 2024. Inventory of Federal Tax expenditures (Annex to the Ways and Means Budget), https://finance.belgium.be/en/figures_and_analysis/figures. https://www.dekamer.be/FLWB/PDF/56/1279/56K1279002.pdf

[33] These figures differ from the estimates of the VAT rate gap and national policy-driven VAT exemption gap produced under DG TAXUD's VAT gap in Europe study and presented in section 3.2. This is due to differences in the methodology applied.

Compared to other Member States, tax expenditure reporting in Belgium is well developed (overall ranked 9th according to the GTETI score) ([34]). According to the GTETI analysis, transparency in TE reporting in Belgium is above the EU average overall. Figure 1 depicts the GTETI results for the five dimensions analysed in comparison to EU averages. The maximum value for each dimension is 20. Belgium performs above the EU average on 'Institutional Framework', 'Methodology and Scope', and 'Tax Expenditure Assessment'. Belgium is on par with the EU average on 'Public Availability' and 'Descriptive Tax Expenditure Data'. The strong performance on 'Methodology and Scope' reflects broad coverage of tax types, benchmark specification, treatment of structural provisions, data source disclosure.

Nonetheless, the national court of auditors questions the fact that TE reporting in Belgium does not contain an evaluation of the various TEs. In its report on the 2026 Budget ([35]), the Belgian Court of Auditors highlights that while Article 47 of the State Accounting Act requires that an annex to the Budget sets out a list of tax expenditures, for methodological reasons the 2026 Budget does not provide an exhaustive overview of the tax expenditures expected in 2026. If we take the company car scheme as an example, in June 2025, the Belgian *Bureau Fédéral du Plan* estimated ([36]) that company car benefits had an overall annual negative impact on tax revenue of about EUR 5 billion.

Several stakeholders emphasise the need to revise Belgian tax expenditures. The National Bank (BNB) estimated in a general study on business subsidies published in 2025 ([37]) that the use of tax expenditures could in some cases prove more costly than directly including a subsidy appropriation in the general expenditure budget. Each wage subsidy should be analysed to check whether it effectively achieves the stated policy objective in an efficient manner. For example, structural labour market reforms that make companies more competitive and encourage people to work could render certain subsidies unnecessary. In its preliminary conclusions for the year 2026, the IMF ([38]) emphasised the need to reduce the use of tax expenditures by removing provisions that are ineffective or no longer reflect a political priority.

However, Belgium has recently included tax expenditure assessments in their spending reviews. In the context of the Belgium's Recovery and Resilience Plan (RRP), Belgium has implemented a spending review framework that covers TEs, primary expenditure and the social security sector. Evaluation of TEs is a prerequisite to create fiscal room by phasing out ineffective tax expenditures, Streamlining TEs is amongst the planned reforms in the 2025–29 of the Belgium government ([39]). The Belgian Federal Government commissioned a comprehensive spending review on withholding tax exemptions that was published on 31 August 2026 ([40]). This review provides an

[34] See the Global Tax Expenditures Transparency Index (GTETI) companion paper (2026) and Annex A to this report (Methods, Data and Assessment Framework of the Country Fiches) for details. The GTETI summarises information in five dimensions. These are (1) Public availability — whether a TE report exists and is accessible; (2) Institutional framework — its legal mandate, periodicity, and integration into the budget process; (3) Methodology and scope — the benchmark definition, estimation method, and coverage of taxes; (4) Descriptive tax expenditure data — the granularity and classification of reported provisions; and (5) Tax expenditure assessment — the quality of revenue-forgone estimates and whether TEs are evaluated for effectiveness.

[35] https://www.ccrek.be/sites/default/files/Docs/2026_16_Budget2026.pdf p16.

[36] https://www.plan.be/fr/publications/depenses-fiscales-liees-aux-voitures-de-societe.

[37] https://www.nbb.be/doc/ts/publications/economicreview/2025/ecorevi2025_h09.pdf.

[38] https://www.imf.org/fr/news/articles/2025/12/15/cs-belgium-staff-concluding-statement-of-the-2026-article-iv-mission.

[39] https://www.imf.org/en/-/media/files/publications/cr/2026/english/1belea2026001-source-pdf.pdf p17

[40] https://bosa.belgium.be/fr/publications/spending-review-les-dispenses-de-versement-du-precompte-professionnel-pour-la-rd-les

updated assessment of three critical tax exemption regimes: Exemptions for researchers and research-dedicated working time in companies and scientific institutions (EUR 1.6 billion); Night and Shift Work Exemptions for employees (EUR 2.0 billion); Exemptions for compensated overtime work under various labour law provisions (EUR 204 million). This review proposes quick wins mainly on red tape reduction. It proposes to conduct impact analyses on potential abolition, redefine policy objectives, and consider alternative support instruments better aligned with stated goals as a medium-term objective. As a long-term strategy, a data-driven risk analysis and control system leveraging eGovernment 3.0 integration and standardised time registration data should be built.

3.2 Policy tax gaps in VAT

Belgium's national policy-driven VAT exemption gap and VAT rate gap were roughly in line with the EU average in 2023. Revenues forgone due to the application of reduced rates (i.e., the VAT rate gap) and national policy-driven exemptions (i.e., the national policy-driven VAT exemption gap) reached over EUR 21 billion in 2023 ([41]). The national policy-driven VAT exemption gap ([42]) was estimated at around EUR 9 billion in 2023, or 9.5% of the notional ideal revenue ([43]), while the EU average was 11%. The VAT rate gap ([44]) was estimated at around EUR 12 billion in 2023, or 13% of the notional ideal revenue, higher than the EU average of 12%.

Since 2023 Belgium has maintained its VAT rates of 21%, 12%, and 6%, with a zero rate in specific cases. There was a temporary reduced 6% rate for demolition and reconstruction of dwellings for which a new permanent regime entered into force per 1 July 2025. Belgium also introduced the EU SME scheme while maintaining the domestic annual turnover threshold of EUR 25 000. Belgium continued to apply the exemptions as listed in the Belgium VAT code for healthcare, insurance, education, financial services and some other social and cultural services. Since 2023 there have not been major changes in this regime ([45]).

'Food and beverages' account for nearly half of forgone revenue from reduced VAT rates in 2025 in Belgium, followed by housing, water and electricity. Specifically, according to EUROMOD tax simulations, 'food and beverages' accounts for the largest share of forgone revenues at almost 50%, above the EU mean share of 40% ([46]). 'Housing, water and electricity' comes second

[41] 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.

[42] 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 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. 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.

[43] 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.

[44] 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.

[45] Website SPF Finance, https://finance.belgium.be.

[46] The VAT rate gap in this subsection is analysed using EUROMOD's household consumption tool. No behavioural adaptation is considered. Note that VAT rates are mostly not an efficient tool for redistributive policies, in part due to incomplete pass-through to consumer prices, in part due to limited targeting of reduced rates. For more details on assessing the impacts of reduced VAT rates with EUROMOD, see Turrini et al. (2024), Tax Expenditures in the EU: Recent Trends and New Policy Challenges, European Commission, European Economy Discussion Paper 212; Ricci et al. (2026), Fiscal Costs and Redistributive Effects of Reduced VAT Rates in the EU, European Commission, European Economy Discussion Paper 244; Trzcinski and Amores (2026), The VAT Policy Gap and Redistribution in the European Union 2025, European Commission, Seville, JRC14876; and Annex A to this report (Methods, Data and Assessment Framework of the Country Fiches).

at 17%, around double the EU mean share of almost 9%. 'Restaurants and accommodation' ranks third at 16%, below the EU mean share of 20%. These three categories account for more than 80% of Belgium's total forgone revenue.

Belgium's reduced VAT rates lower inequality as measured by the Gini coefficient by 0.51 pps, close to the EU average reductions of 0.50 pps. 'Food and beverages' contributes 0.27 pps (52.8% of the total), below the EU mean contribution of 0.32 pps. 'Housing, water and electricity' contributes 0.12 pps (24.3% of the total), above the EU mean contribution of 0.07 pps. Policy tax gaps in corporate income tax

Tax expenditures related to CIT are estimated at about EUR 3.8 billion (16.2% of CIT revenue) in tax year 2024 ([47]). Quantifiable tax expenditures have risen by an average of 10.6% in 2024 compared to 2018. Some increases are offset by decreases in other tax expenditures. For instance, the increase in tax expenditure linked to the deduction for innovation income has doubled in 2024 for the second consecutive year, but this goes along with the phasing out of the deduction for patent income. There are various tax expenditures in CIT, including credits relating to the flat-rate allowance for business travel, the mileage allowance for cycling or the company car scheme.

3.3 Policy tax gaps in corporate income tax

Tax expenditures related to CIT are estimated at about EUR 3.8 billion (16.2% of CIT revenue) in tax year 2024 ([48]). Quantifiable tax expenditures have risen by an average of 10.6% in 2024 compared to 2018. Some increases are offset by decreases in other tax expenditures. For instance, the increase in tax expenditure linked to the deduction for innovation income has doubled in 2024 for the second consecutive year, but this goes along with the phasing out of the deduction for patent income. There are various tax expenditures in CIT, including credits relating to the flat-rate allowance for business travel, the mileage allowance for cycling or the company car scheme.

3.4 Policy tax gaps in personal income tax

Tax expenditures related to PIT are estimated at about EUR 9.6 billion (20.9% of PIT revenue - a decrease compared to previous years) in tax year 2024 ([49]). The Belgian PIT system is fairly complex, with numerous tax credits, tax reliefs and exemptions.

Tax-simulations for 2025 suggest that PIT-related tax expenditures in Belgium reduce inequality but are associated with a higher risk of poverty ([50]). PIT-related tax expenditures imply revenue forgone of about 30.0% of PIT revenues above the EU average of 19.1% ([51]). PIT-related tax expenditures reduce the Gini coefficient by 0.86 pps with an EU average reduction of 0.46 pps. Overall, tax expenditures related to PIT in Belgium reduce inequality.

[47] 'Federal Inventory of Tax Expenditures' p21 https://www.dekamer.be/FLWB/PDF/56/1279/56K1279002.pdf
[48] Ibidem, p21.
[49] Ibidem, p20.
[50] Simulations are based on EUROMOD and do not account for behavioural changes. For more details on assessing the impacts of tax expenditures in the PIT with EUROMOD, see Turrini et al. (2024), Tax Expenditures in the EU: Recent Trends and New Policy Challenges, European Commission, European Economy Discussion Paper 212; Levanti et al. (2026), Personal Income Tax Expenditures in the EU, European Commission, Seville, 2026, JRC148748; and Annex A to this report (Methods, Data and Assessment Framework of the Country Fiches).
[51] According to the European Commission's taxation trends data, PIT revenues in Belgium amounted to approximately EUR 74.0 billion in 2024. This would imply revenue forgone of approximately EUR 22.2 billion due to PIT tax expenditures according to the microsimulation (30.0% of EUR 74.0 billion). Note the difference to the values reported by BE authorities.

Work-related TEs account for the largest share of revenue forgone (15.0% of PIT revenue). Family-related TEs (3.9% of PIT revenue) reduce the Gini coefficient by 0.43 pps. Work-related TEs (15.0% of PIT revenue) increase the Gini coefficient by 0.55 pps. Other-related TEs (7.9% of PIT revenue) reduce the Gini coefficient by 0.97 pps. The measures related to work and housing have a regressive distributional effect ([52]).

4. Effectiveness of tax administration

4.1 Registration/identification of taxpayers

Belgium's tax identification system is partially unified, blending segmented structures with growing interconnection across tax types. While distinct identifiers persist for individuals (linked to the national register number) and businesses, integration is advancing through the "Only Once" principle and the Crossroads Bank for Enterprises (CBE/KBO). Companies register once via an accredited enterprise counter, receiving a single enterprise number that doubles as their VAT identifier upon activation with the tax administration. For individuals, tax processes tie into the national register, with government-wide digital identity tools (e.g. Belgian eID and itsme) enabling authentication across multiple tax services ([53]).

Belgium's tax administration performs well on digitalised registration and database management which rely on automation and system integration. Belgium's online portal enables full digital registration, with automated processing for VAT and company registrations via the CBE. Taxpayers can access, visualise, and modify VAT-relevant data, supported by interfaces between accounting systems and tax databases that systematically review and correct taxpayer records. The "Only Once" principle minimises redundant data requests by reusing information from central registers, while systematic IT upgrades aim to further enhance integration ([54]).

Belgium's e-commerce uses the OSS database for oversight on its completeness. Given few taxable persons active in e-commerce register in there, Belgium deems its current One Stop Shop (OSS) database sufficient for monitoring needs. Compliance is tracked via the standard digital portal, though misinterpretations persist, such as taxpayers incorrectly self-identifying as "electronic interfaces" (e. g. websites facilitating third-party sales). Customs and tax authorities (both under FPS Finance) collaborate closely on imports, with VIES number suspensions triggered when goods are withheld by customs. However, cross-checks with Central Electronic System of Payment Information (CESOP)/Council Directive 2021/514 (DAC7)/Council Directive 2018/822 (DAC6) data (if conducted) remain non-automated, and no dedicated e-commerce unit or approach exists ([55]).

Belgium's risk-based registration focuses on VAT validation but lacks systematic broader screening. The tax administration cross-checks VAT registration data against third-party sources (specific sources undisclosed), with a particular emphasis on high-risk cases e.g. non-resident traders. However, comprehensive background checks, such as compliance history analysis or predictive risk profiling are not yet standardised. While automated flags e.g. for mismatched

[52] TEs are employed with a broad range of policy objectives. The fact that a given TE might have a regressive distributive effect does not imply that it does not successfully implement its stated objective.
[53] Private individuals | FPS Finance.
[54] Findings based on Member States' annual reports (mostly 2025-2026) under Article 12, Regulation (EEC, Euratom) No 1553/89 (VAT own resources collection.
[55] Ibidem.

declarations trigger manual reviews, the system relies more on reactive validation than proactive risk assessment ([56]).

Upon receipt of a Eurofisc MTIC fraud alert, the Belgian tax administration rapidly assesses the taxable person's VAT status and, where indicators of missing-trader fraud are confirmed, proceeds without delay to invalidate the VAT identification number. Belgium's performance in this area reflects the priority given to these procedures, supported by dedicated resources and effective operational cooperation between Eurofisc and the competent Belgian tax authorities to prevent VAT losses and detect linked fraudsters ([57]).

4.2 Tax filing and assessment

Belgium's tax filing system is highly digitalised, with structured processes and ongoing IT integration. Belgium's tax administration has largely digitalised tax filing and assessment, with electronic filing now standard for PIT, CIT, and VAT through the FPS Finance's digital platforms. Since 1 January 2026, all VAT-liable companies must use structured electronic invoices, enhancing data standardisation and compliance. While Belgium's VAT processes are increasingly digitalised, the full integration of IT systems, is still ongoing ([58]).

Belgium's pre-filling capabilities are currently limited to personal income tax. Belgium provides partial pre-filling for PIT as of 2024, while VAT lacks this functionality ([59]). The system leverages automatic exchange of information between tax administrations and national bodies, using multiple datasets to improve VAT compliance and administrative cooperation. However, real-time data integration is not implemented, and the specific third-party sources used for cross-checking remain undisclosed.

Belgium's e-filing rates show strong compliance for businesses but lag in individual taxpayer adoption. Belgium's e-filing rates vary by tax type: 99.9% for CIT (above the EU average), 89.4% for PIT (just above the EU average of 88.4%), and 99.7% for VAT (around the EU average). Notably, in 2024, over 500 000 PIT returns were still submitted on paper, indicating room for improvement in digital adoption for individual taxpayers ([60]).

Belgium provides comprehensive digital taxpayer support, though traditional filing methods persist. Belgium offers anonymous tax calculators, tax-specific websites, and personalised portals for individuals and businesses. The *MyMinfin* platform supports secure communication, digital refund requests, and VAT credit management. While digital tools are available, the persistence of paper PIT filings suggests some taxpayers still rely on traditional methods. Belgium does currently not use Artificial Intelligence directly for taxpayer services.

Belgium makes thorough use of data obtained through automatic exchange of information (AEOI), under the Directive on administrative cooperation in the field of

[56] Ibidem.
[57] Findings based on Member States' annual reports (mostly 2025-2026) under Article 12, Regulation (EEC, Euratom) No 1553/89 (VAT own resources collection.
[58] European Commission: Directorate-General for Taxation and Customs Union, Mind the Gap – Challenges and opportunities for tax compliance and tax expenditures in the EU – Belgium, Publications Office of the European Union, 2025, https://data.europa.eu/doi/10.2778/7888562.
[59] International Survey on Revenue Administration data. https://data.imf.org/en/datasets/ISORA:ISORA_LATEST_DATA_PUB.
[60] Ibidem.

taxation (DAC) ([61]) - namely DAC1 ([62]), DAC2 ([63]), and DAC7 ([64]) - in the fields of personal and corporate income taxation. This leads to a significant increase in the assessed tax base and tax due. The identification of taxpayers is very efficient: in 2025, the matching rate measuring success in identifying registered taxpayers with DAC data ([65]) is 97% for main categories of DAC1 ([66]), 94% for DAC2 and 90% for DAC7 (the EU-averages being 84%; 92% and 86% respectively). This systematic approach ensures that data is used to its full potential. This is further confirmed by Belgium's capacity to report on the increase in the assessed tax base generated by this use. The mandatory TIN combined with the TIN validation tool envisaged in the DAC recast proposal will further support the matching process with a view to approaching a 100% automatic matching rate, ultimately allowing Belgium for a more efficient and targeted deployment of resources.

Once the taxpayers have been identified, Belgian tax authorities use the available data for a large range of activities. This includes awareness campaigns, voluntary compliance programs, prefilling tax returns (DAC2), tax risk assessment to detect possible undeclared income, notification to generate disclosure, and if relevant, tax assessments or general audits. In Belgium, this use is not only relevant for personal income tax, but also for inheritance or wealth tax on assets and properties taxes, as well as for assessing corporate taxation, and detection of undeclared professional activities, as tax authorities take into account the most recent exchange of information on income from digital platforms (DAC7). This leads to significant increase in both the assessed tax base and tax due.

Belgium is relatively active in VAT administrative cooperation ([67]). To support its tax assessment functions, Belgium sent in 2024 1 839 requests for information, representing a broadly stable/slightly higher level than 2023 (+3.1%) ([68]). It received 1 971 requests in 2024. Based on a standardised measure, taking into account the relative size of the Belgian economy, Belgium is above the EU weighted average on both the number of requests sent and the number of requests received ([69]).

[61] Sources: Yearly Assessment 2026.
[62] Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC: automatic exchange of information on income from employment, pensions, director's fees, immovable properties, life insurance products, royalties.
[63] 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: automatic exchange of information on financial accounts.
[64] Council Directive (EU) 2021/514 of 22 March 2021 amending Directive 2011/16/EU on administrative cooperation in the field of taxation: automatic exchange of information on income from digital platforms.
[65] 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.
[66] Income from employment, pensions, director's fees, immovable properties.
[67] Based on Council Regulation (EU) No 904/2010 of 7 October 2010 on administrative cooperation and combating fraud in the field of value added tax (VAT), as subsequently amended, the EU and Member States' national tax authorities cooperate to help ensure the correct application of VAT rules on cross-border transactions.
[68] The data is assessed based on the annual statistics, provided pursuant to Commission Implementing Regulation 79/2012 (Annex IV) and presented to the Standing Committee on Administrative Cooperation (SCAC).
[69] The standardised measure normalises the number of requests per EUR 1 billion of GDP, allowing for comparison relative to the size of the economy. In 2024, Belgium sent 2.97 requests per EUR 1 billion of GDP compared to an EU weighted average of 1.60 requests sent per EUR 1 billion of GDP; and received 3.18 requests per EUR 1 billion of GDP compared to an EU weighted average of 1.59 requests received per EUR 1 billion of GDP.

Belgium records mixed result in automatic exchange of VAT information. In 2024, Belgium reported 1863 VAT identification numbers allocated to taxable persons not established in the Member State. For information on new means of transport, it forwarded 2 371 cases. Based on a standardised measure, taking into account the relative size of the Belgian economy, Belgium is below the EU weighted average on VAT identification numbers allocated to taxable persons not established in BE but above the EU weighted average on volume of information on new means of transport ([70]).

4.3 Compliance risk management

Belgium's compliance risk management (CRM) system integrates formal strategies, AI-driven risk analysis, and behavioural tools. The system covers all tax processes, the strategy aligns with the annual audit programme, includes dedicated actions for key taxpayer groups, and ensures coherence between risk detection and enforcement.

Belgium's CRM system prioritises reducing the VAT compliance gap through digital and data-driven initiatives. Belgium is actively working to reduce its VAT compliance gap through mandatory e-invoicing, advanced data matching systems, risk-based audits, and further digitalisation of VAT processes. The introduction of a new phase of the VAT chain reform - effective from 1 May 2026 - will further support efforts to combat the VAT gap by enhancing reporting mechanisms and improving data flows ([71]).

Belgium's CRM system uses AI for risk assessment and fraud detection. Belgium uses artificial intelligence for predictive risk analysis, web scraping (to match external data with tax records), and automated classification of citizen appeals. Since 2020, these tools have supported targeted audit selection and fraud detection, enhancing the precision of risk assessments. A risk-based screening tool analyses fiscal signals before authorising refunds ([72]).

Belgium's behavioural interventions improve compliance through tailored communication which increased on-time payments and accelerated millions in tax payments. Belgium employs nudging tools to adjust communication based on taxpayer behaviour. A recent Technical Support Instrument (TSI) project tested pre-deadline reminders for personal income tax, using deterrence- and support-focused messages to boost compliance. Simplifying the reminder letters increased the probability of payment by 10 percentage points ([73]).

Belgium's Central Electronic System of Payment information ('CESOP') integration strengthens fraud detection but faces data limitations. Belgium uses CESOP data ([74]) to

[70] The standardised measure normalises the number of requests per EUR 1 billion of GDP, allowing for comparison relative to the size of the economy. In 2024, Belgium reported 3.01 VAT identification numbers allocated to taxable persons not established in the Member State per EUR 1 billion of GDP compared to an EU weighted average of 7.77 VAT identification numbers per EUR 1 billion of GDP; and new means of transport 3.82 requests per EUR 1 billion of GDP compared to an EU weighted average of 0.95 new means of transport per EUR 1 billion of GDP.

[71] Findings based on Member States' annual reports (mostly 2025-2026) under Article 12, Regulation (EEC, Euratom) No 1553/89 (VAT own resources collection.

[72] European Commission: Directorate-General for Taxation and Customs Union, Mind the Gap – Challenges and opportunities for tax compliance and tax expenditures in the EU – Belgium, Publications Office of the European Union, 2025, https://data.europa.eu/doi/10.2778/7888562.

[73] Knowledge database with deliverables from the TSI project: Strengthening tax compliance by implementing behavioural insights for revenue administrations in Member States | Knowledge for policy.

[74] CESOP is an EU-wide system established under Directive (EU) 2020/284 to support the fight against VAT fraud in e-commerce. It requires payment service providers to report cross-border payment data on a quarterly basis to national tax

enrich fraud investigations, linking payment flows to national VAT numbers combined with transaction network analysis ('TNA') ([75]). However, data volume, missing identifiers (e.g. VAT numbers), and quality issues limit systematic use of CESOP data. Belgium invests in training and cross-team collaboration (VAT experts, IT, analysts) to facilitate CESOP integration in existing processes. It plans to extend CESOP use to identify non-reporting and underreporting traders ([76]).

Belgium also uses reports exchanged automatically under the DAC, i.e. DAC3 ([77]), DAC4 ([78]) and DAC6 ([79]) for risk-analysis purposes in the field of corporate income taxation. The Belgian tax authorities successfully identified 99% of the taxpayers concerned by DAC4 reports, and 74% of the taxpayers concerned by DAC6 (the EU average being 94% and 90% respectively). However, due to domestic technical issues, Belgium was not able to provide the percentage of DAC3 reports identified successfully for 2025. DAC3, DAC4 and DAC6 reports are broadly used for risk-assessment (e.g. to identify risks related to transfer pricing, base erosion and profit shifting, harmful tax practices, etc.) and possible follow-up actions such as general tax audits, and more specifically to identify tax risks, including transfer pricing issues, base erosion and profit shifting, harmful tax practices, and risk of non-compliance by certain entities. In practice, the data feeds a specific IT tool enabling data analysis on reports concerning the Belgian entities and also using DAC4 / country-by-country reports for economic and statistical analysis. This fairly comprehensive use of relevant DAC3, DAC4 and DAC6 data suggests that the Belgian authorities have successfully integrated it into an efficient process.

4.4 Audits

Belgium's audit system combines targeted risk analysis with a range of verification activities. The tax administration conducts a full spectrum of audits, including desk audits, limited-scope audits, single-issue audits, comprehensive audits, and avoidance/evasion investigations. These activities are complemented by non-audit compliance measures such as promoting voluntary compliance or compliance by design, ensuring a balanced approach to enforcement. Predictive risk analysis powered by AI determines which tax returns require verification, enhancing the targeting of audits and improving fraud detection.

Belgium's use of advanced instruments of cooperation help to contribute to an increase in the tax assessed and, therefore, could contribute to tackling tax evasion. Belgium makes regular use of advanced instruments of cooperation provided for in Directive on administrative cooperation in the field of taxation and Regulation 904/2010 to facilitate cooperation

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authorities, which then transmit the information to CESOP. The system centralises and analyses this data, enabling Member States to detect undeclared online sales, identify fraudulent traders, and enhance administrative cooperation in combating cross-border VAT fraud.

[75] TNA (Transaction Network Analysis) is Eurofisc's IT tool for jointly analysing cross-border VAT transaction data to detect fraud; Eurofisc is the EU network of tax authorities exchanging and processing that information.

[76] Findings based on Member States' annual reports (mostly 2025-2026) under Article 12, Regulation (EEC, Euratom) No 1553/89 (VAT own resources collection.

[77] 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: automatic exchange of information on rulings and advanced pricing arrangements.

[78] 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: automatic exchange of information on country-by-country reports of multinational entities.

[79] 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.: automatic exchange of information on potentially tax-harmful cross-border arrangements.

on specific cross-border issues. Such instruments entail multilateral controls (MLCs) such as simultaneous controls, joint audits and presence in administrative offices and administrative enquiries (PAOEs). The synergies between participating Member States derived from these coordinated activities usually lead to an increase in the tax assessed and, therefore, contribute to reducing the compliance tax gap. Between 2023 and 2025 Belgium has initiated 2 MLC and 1 PAOE, and has participated in 21 MLC and 4 PAOE, representing respectively 1.9%, 1.5%, 7.2% and 3.1% of the total of these operations ([80]) in the EU.

The Belgian tax authorities – and in particular the audit departments – do not have automatic access to the financial data of their tax residents. Automatic access to this information would strengthen the effectiveness of the Belgian tax services in targeting non-compliance while streamlining the reconciliation of domestic and cross-border taxpayer data.

4.5 Payment and collection

Belgium's payment system is fully digitalised, and taxpayers use it extensively for VAT but there is room for improvement in PIT and CIT. E-payment is mandatory for PIT, CIT, and VAT as of 2022. Compliance with on-time payments varies by tax type, with VAT achieving near-universal adherence (98% in 2024), while PIT (64.8%) and CIT (72.1%) lag behind EU averages ([81]).

Belgium has eliminated cash payments for tax obligations, enforcing full digital compliance. In Belgium, cash payments for taxes are not possible, ensuring all transactions are conducted through traceable digital channels ([82]).

Belgium's VAT refund process combines identity verification with digital efficiency. It links the VAT refund process with registration checks to prevent fictitious traders, while MyMinfin supports digital bank account communication for refunds. A VAT provision account allows taxpayers to access validated but unpaid VAT credits digitally, reallocating them to debts or refund requests ([83]). Belgium has implemented a penalty system for late VAT returns and payments, designed around simplicity and proportionality.

4.6 Tax debt recovery

The Belgian tax administration has adopted an increasingly data-driven and targeted tax recovery approach. While Belgium does not publish a standalone annual tax recovery report, recovery-related statistics and operational results are included in the FPS Finance annual reports and on the administration's official statistics portals, including information on tax debts, recovery actions, payment plans and collection performance ([84]). Recent behavioural compliance initiatives further indicate a policy shift towards earlier and more targeted recovery interventions designed to encourage voluntary compliance and reduce administrative recovery costs ([85]).

[80] EU AIAC Statistics -2023-2025.
[81] International Survey on Revenue Administration data. https://data.imf.org/en/datasets/ISORA:ISORA_LATEST_DATA_PUB.
[82] Findings based on Member States' annual reports (mostly 2025-2026) under Article 12, Regulation (EEC, Euratom) No 1553/89 (VAT own resources collection).
[83] Ibidem.
[84] Belgian FPS Finance – Annual Reports: https://finances.belgium.be/fr/a-propos_du_spf/publications/rapport-annuel and Statistics and Open Data: https://finances.belgium.be/fr/statistiques_et_analyses.
[85] https://knowledge4policy.ec.europa.eu/publication/strengthening-voluntary-tax-compliance-through-behavioural-insights-revenue_en.

Belgium's tax arrears remain below EU averages but worsened in 2024. In 2023, Belgium's closing stock of arrears (13.9% of revenue) and collectable arrears (6.9%) were well below EU averages (30.7% and 41.8%, respectively). However, 2024 saw a deterioration: the closing stock of arrears rose to 14.7% (still below the EU's 30.7%), while collectable arrears jumped to 13.8% - though remaining under the EU average of 43% ([86]).

Belgium's tax recovery framework combines strict debt enforcement with procedural delays in dispute resolution. Belgium lacks dedicated legislation on cooperation between insolvency administrators and tax recovery authorities. Tax debt write-offs are strictly limited to cases where enforcement is definitively impossible. However, no disaggregated data exists on the duration of tax dispute resolution - whether at administrative or judicial levels - despite such disputes suspending recovery of contested claims ([87]). A recent report highlights a critical weakness: less than 4% of administrative reviews are resolved within 90 days, far below international good practice ([88]). While Belgian law permits pre-assessment precautionary measures at pre-assessment stage (e.g. securing future claims), these require prior court approval, adding procedural steps to recovery efforts ([89]).

Regarding cross-border recovery assistance within the EU, Belgium submits compliant requests to other Member States. Belgium's recovery requests to other Member States generally comply with requirements ([90]), focusing on well-established claims. Nevertheless, 764 recovery requests were suspended because of contestation of the claims in 2025, while 4 523 requests for recovery were sent to other Member States in the same year ([91]).

The use of DAC information for tax recovery purposes could be improved. Evidence gathered suggests that as a best practice, the thorough use of AEOI data by Belgium could be extended to this purpose where relevant and appropriate.

[86] ISORA Data - closing stock and collectable arrears.
[87] Belgium's replies to questions 12 and 13 of the 2025 survey on tax recovery.
[88] TADAT performance report for Belgium, January 2024, published on the website of the Belgian tax authorities, p. 7, 39 and table 14 in attachment III.
[89] ISORA Data – Tax arrears collection powers and their usage – Collect any disputed tax while the dispute case is open and under judicial review, and Belgium's reply to question 16 of the 2025 survey on tax recovery.
[90] Statistics on rejections of requests, reported by Belgium as applicant State, relating to recovery assistance in 2025.
[91] Statistics on the suspension of recovery requests, sent by Belgium as applicant State, following contestation of the claim, for 2025.