

Corporate income tax – Transfer pricing

New TP reporting forms for accounting years starting as from 2025

Belgium is updating its transfer pricing reporting forms, applicable to accounting periods starting on or after 1 January 2025. As a result, the reporting obligations for Belgian entities of a multinational group will be considerably extended. This update implies a reinforcement of the national (in this case Belgian) specificities with which multinational groups will have to comply.

CONTEXT

For years, many countries, including Belgium, have imposed transfer pricing reporting obligations on multinational groups. Although these obligations are based on OECD recommendations, there are differences in the format and the content of reporting obligations.

The reporting obligations have three components: (i) the **"Master File"** containing general information about the group and its transfer pricing policies, (ii) the **"Local File"** containing data specific to the Belgian entity, and (iii) the **"Country-by-Country Report" (CbCR)** containing financial and tax information for each jurisdiction in which the group operates.

The Master File and the Local File must be filed if the Belgian entity exceeds one of the following criteria (based on the annual accounts for the financial year immediately preceding the last financial year):

- a **total of EUR 50 million** in operating income and financial income, excluding non-recurring income; or non-recurring income
- a **balance sheet total of EUR 1 billion** an average annual workforce of **100 full-time** equivalents

Groups with a presence in Belgium are required to complete and file a CbCR if the group's consolidated turnover in the financial year preceding the reporting year exceeded EUR 750 million. The CbCR report is generally filed by the group's parent company in its country of residence, in which case the Belgian subsidiary is exempted from filing the report in Belgium (subject to the obligation to notify the details of the reporting foreign entity to the Belgian tax authorities).

The Local File is an appendix to the corporate income tax return, of which it is an integral part. However, the Local File must be filed separately through a specific electronic platform. The filing deadline is the same as for the corporate tax return. The Master File form must be submitted to the Belgian tax authorities within 12 months of the end of the group's financial year. The CbCR notification must be submitted to the Belgian tax authorities within 12 months of the end of the group's financial year.

Failure to comply with the transfer pricing reporting declarations requirements may result in administrative fines ranging from EUR 1,250 to EUR 25,000.

NEW FORMS

For **financial years starting on or after 1 January 2025**, new forms (CbCR, Master File, Local File) have been introduced by three Royal Decrees dated 16 June 2024 (Belgian Official Gazette dated 15 July 2024).

The updates to the Belgian transfer pricing forms have two main objectives (i) to incorporate the latest OECD TP **developments** on “hard-to-value intangibles” and financial transactions; and (ii) to respond to requests from the tax authorities to adapt the forms based on **practical experience**.

The **new features** include:

- **Master File:** While the new form retains the structure proposed by the OECD, its **explanatory notes** now require a **level of detail that goes well beyond that proposed by the OECD** (for items II. Group activities, III. Intangible assets, and IV. Intragroup financing).
- **Local File:** The Belgian Local File model did not, and still does not, follow the model proposed by the OECD. The Belgian model focuses on general information about the Belgian entity and on quantified information about its intra-group transactions. However, the new form introduces new features, in particular the requirement to attach transfer pricing documentation (including any framework or standard contracts).

CONCLUSION

The new transfer pricing reporting requirements in Belgium reflect a **commitment to adapt national obligations to international developments while strengthening tax control**. However, multinational enterprises with entities in Belgium will have to comply with enhanced transfer pricing reporting obligations specific to the Belgian framework. These adjustments, which are likely to be time-consuming, will require particular attention.

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