

Tax Procedure

Tax Investigation and Assessment Periods: a Welcome Reduction

The ordinary time limits for tax investigations and tax assessments have been **simplified and reduced**, as announced in last year's Government Agreement. Four different time limits previously coexisted, ranging from 3 to 10 years; only three remain, ranging from 3 to 7 years. The reform applies retroactively and therefore neutralizes the significant extensions introduced in 2022.

Situation	New time limit	Previous time limit
Standard	3 years	3 years (unchanged)
Failure to file (absent or late return)	4 years	4 years (unchanged)
Complex returns (legal arrangements, hybrid mismatches, transfer pricing, etc.)	4 years	6 years/10 years
Tax fraud (prior notification mandatory)	7 years	10 years
Retention of books and documents	7 years	10 years

1. NEW TAX INVESTIGATION AND ASSESSMENT TIME LIMITS

Before the reform, the investigation and assessment periods were as follows:

- 3 years in ordinary cases
- 4 years where no return was filed, or was filed late
- 6 years for so-called semi-complex returns
- 10 years in cases of fraud and for certain complex returns

Three time limits now remain:

- **3 years** as the standard period
- **4 years** where no return has been filed, or has been filed late (and for complex returns, see below)
- **7 years** in case of tax fraud

Complex returns are no longer governed by the 6-year and 10-year time limits: they now fall within the 4-year period. A return is regarded as complex where it relates to:

- reportable **legal arrangements**;
- reportable **hybrid mismatch arrangements**;
- undistributed profits arising from a **non-genuine tax arrangement**;
- **payments to tax havens** subject to specific reporting obligations;
- companies belonging to a **multinational group** subject to **transfer pricing** documentation obligations (namely a group with consolidated revenue of at least EUR 750 million, or a group with

more than EUR 50 million in operating and financial income, a balance sheet total exceeding EUR 1 billion, or an average headcount of 100 or more);

- returns including a credit for the **notional foreign tax credit**;
- **withholding tax** returns involving exemptions, waivers or reductions under **tax treaties or EU directives**;
- **information obtained from abroad** regarding:
 - **cross-border arrangements** subject to a reporting obligation; and
 - information from **platform operators** where the data relating to a taxpayer amounts to at least **EUR 25,000**.

In the event of fraud, the tax authorities must now notify the taxpayer in advance of the presumptions of fraud and of their intention to apply the extended 7-year period.

Starting point of the time limits

The limitation periods start on 1 January of the relevant tax year. For companies whose financial year closes on a date other than 31 December, the periods run from that closing date.

Example: income earned in 2025 and subject to personal income tax falls under tax year 2026. The ordinary investigation and assessment period therefore starts on 1 January 2026 and runs until 31 December 2028. The same applies to corporate income tax for a financial year closed on 31 December 2025.

2. RETENTION OF BOOKS AND RECORDS

In parallel with the reduction of the investigation and assessment periods, the statutory **retention period** for accounting books and supporting documents has been reduced from 10 years to **7 years**. This aligns record-keeping obligations with the new audit time limits and makes the framework clearer for taxpayers.

3. ENTRY INTO FORCE

The new time limits apply **retroactively from tax year 2023** and render ineffective the extensions of the limitation periods introduced in 2022.

4. COMMENTS

This simplification and reduction of the time limits significantly enhances **legal certainty** for taxpayers. Except in cases of fraud, the tax authorities can no longer reassess returns filed up to 10 years earlier: in most cases the maximum period is now **4 years**.

The reform also strengthens **due process** safeguards. Reconstructing facts and gathering evidence many years after the relevant event is often difficult, if not impossible, particularly in complex or international matters. For businesses, a 10-year period compounded the difficulty, as the staff in place at the time of the events was often no longer present.

Contacts



+32 (0)2 891 80 55



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