



Copyright

A company can remunerate its manager or employees in a tax efficient way by the attribution of copyright. Up to a certain threshold, income from copyright is subject to a withholding tax of 15% and there is also a generous fixed expense allowance. However, due to the reform of the favourable tax regime for copyright, a number of important conditions and limitations have to be taken into account.

What is copyright?

A work is protected by copyright if it is the result of a **creative activity**, it is **original** and **must have a concrete shape**. A mere idea or concept does not qualify.

In addition, since the amended rule came into force on 1st January 2023, there has been a statutory **exploitation requirement**. This means that the protected works transferred or licensed must be exploited.

The holder of the copyright or related rights must also satisfy a certain status under the new tax regime in order to enjoy copyright fees. He must either **hold an 'artistic work certificate' [kunstwerkattest]** or he **must transfer or licence the rights to a third party 'for communication to the public, for public performance or for reproduction'**.

The new law has also introduced a number of cumulative restrictions and maximum amounts. The proportion between a traditional remuneration and the payment of copyright fees will shift to 70-30 for everyone, with income from intellectual property rights therefore amounting to a maximum of 30% of the total remuneration.

The absolute limit of € 37,500 to be treated as income from moveable assets (indexed at € 70,220 for assessment year 2024) remains in force.

If your average income for the last four years exceeds the maximum amount, you no longer qualify for the favourable tax regime.

In order to be certain about the applicability and the remuneration for the transfer of copyright, a ruling from the tax administration can be requested beforehand.

Taxation

Income from the transfer or licensing of copyright has been treated very favourably by the tax administration since 2008. It is subject to a withholding tax of just 15% up to a threshold of € 70,220 (income year 2023).

There is also a fixed expense allowance of 50% for the first tax band of € 18,720 and 25% for the second of € 18,730 (€ 18,720 EUR to € 37,450) (income year 2023).

In concrete terms, a manager who, for example, receives a payment for copyright of € 10,000 per year pays just € 750 in tax, leaving € 9,250. This is effectively a tax rate of just 7.5%.

For more information, contact your Account Manager or one of our specialists at contact@vdl.be.