



Estate Planning for EU Officials

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1 Estate Planning Solution for all ...

What is Estate Planning ?

- minimising inheritance tax
- give to who you want
- planning for young children
- making sure that the children do not get your estate too early



1 Estate Planning Solution for all ...

What is Estate Planning ?

- defusing family conflicts
- managing your finances
when you cannot anymore
- lasting power of attorney
- living will




10 COMMON






**I am not Belgian
This does not concern me**



**I am covered by the Protocol,
I do not need to worry about
Belgian inheritance tax
or Belgian inheritance rules**

**We will retire in Florida
the best of both worlds
249 days of sunshine
and ... no income tax
and no inheritance tax
under \$ 12,920,000**





**When you retire,
you have to chose your tax domicile ...**
Do I stay (in Belgium)
Or do I go?

An elderly couple is walking away from the camera on a gravel path in a park. The woman is on the left, wearing a blue jacket and a blue skirt. The man is on the right, wearing a blue jacket and grey trousers. They are holding hands. The background is a lush green park with trees and a wooden fence on the right.

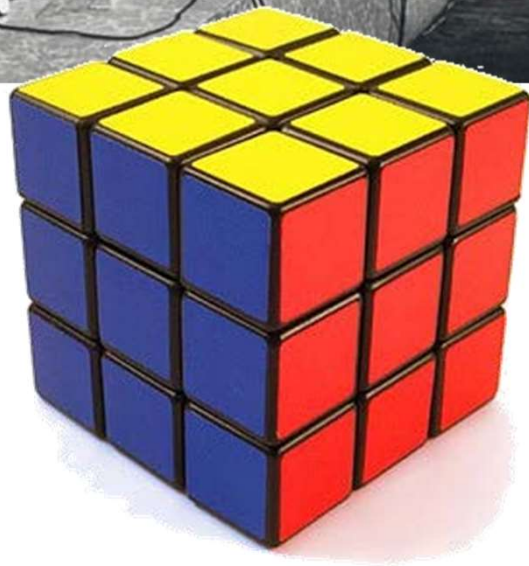
Our estate planning?
I leave everything to my wife
and she leaves everything to me
That is how we do it at home
And it's tax free



**I am Austrian,
Cypriot, Estonian, Latvian,
Maltese, Portuguese, Slovak, Swedish**

**I can choose my national law
for my succession.**

Great: no inheritance tax in Belgium!



Protocol on Privileges and Immunities

Article 12 Protocol – Tax Exemption



Earnings

Allowances

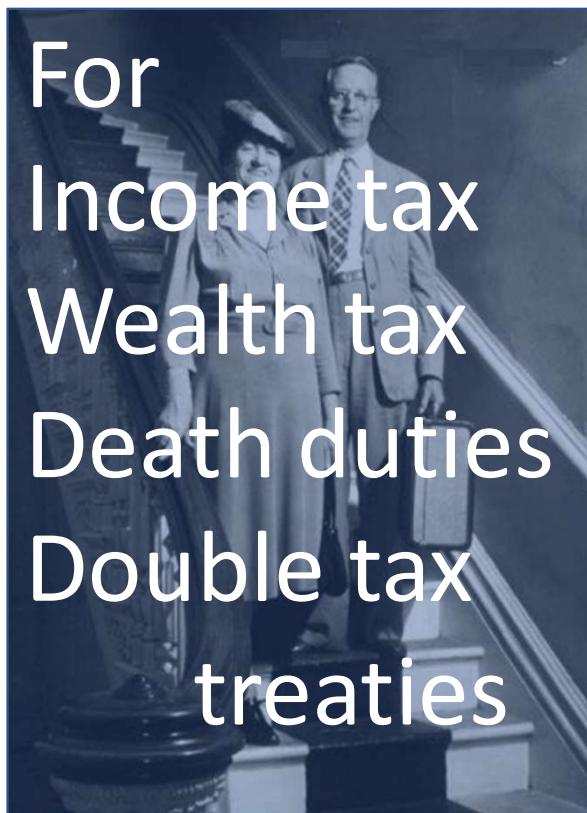
Child benefit

Invalidity pension

Retirement pension

Survivor's pension

Article 13 Protocol – Tax Domicile



EU officials **keep their tax domicile**
if they **move**

only to join institutions

solely in order to work

! tax domicile in the EU

Usually Member State from where recruited

Not necessarily Member State of nationality

Article 13 Protocol – Tax Domicile



Tax Domicile “at home” in X

inheritance tax is due

in X on entire estate

in Belgium on Belgian real estate

in Y on real estate in Y(?)

in Z on real estate in Z(?)

Article 13 Protocol – Tax Domicile



Domicile is in Belgium

you are recruited from Belgium

you stay in Belgium upon retirement

inheritance tax is due

in Belgium on entire estate

in X on real property in X

in Y on real property in Y(?)

in Z on real property in Z(?)

Brexit

UK is not bound by the Protocol anymore
Withdrawal Agreement

UK plays along with Protocol
for Officials in service before 31 December 2020

- EU remuneration / pension is exempt
- Deemed Tax Domicile

Brexit

EU official working in UK is tax exempt
maintains domicile *at home*

EU official retiring in UK pays no tax on pension

EU official hired from UK keeps tax domicile in UK
pays tax in UK

Not for 'new' EU officials (post 2020)

What happens when I die in Belgium?

Bank accounts are frozen
personal accounts
joint accounts

Except

funeral & medical bills
spouse/civil partner €5,000
or 1/2

How are the accounts released?
certificate of succession

Not my problem

Irrespective of your tax domicile

What happens when I die *in Belgium?*

Estate passes automatically
no probate
no executor
with all liabilities and debt

Do I accept the inheritance?
Do I waive the inheritance?
Or accept with the benefit
of an inventory

not my problem

Irrespective of your tax domicile

What happens when I die *in Belgium?*

Inheritance tax return
Obligation for heirs
Notary?

To be filed within 4 months
Inheritance tax to be paid
within next 2 months

(Flanders) upon receipt of bill

not my problem

Irrespective of your tax domicile

What is in my estate?

Who inherits what?

Inheritance tax

Planning tools

- will
- gifts
- marriage contract
- contract (insurance)

Inheritance

Irrespective of your tax domicile



Personal property

If married : + 1/2 of community property

What is in my estate?

what is your
matrimonial
property
regime?

Irrespective of your tax domicile

Personal property

If married : + 1/2 of community property

Community Property

Community Property

+ 2 Personal Properties

What is in my estate?

2 Personal properties

2 Personal properties

+ correction at the end

Irrespective of your tax domicile

1.- **Children** in equal shares

all children

grandchildren for deceased children

2.- Parents and **siblings**

3.- Uncles and aunts, **nieces and nephews**

Who inherits what?

4.- the **Belgian State**

Irrespective of your tax domicile

and the spouse?

spouse inherits

with children usufruit

with family

community property
+ usufruit of personal property

Who inherits what?

Irrespective of your tax domicile

and the registered/civil partner?
inherits usufruct of family home + content

Non-registered Partner : nothing

Who inherits what?

▲ Make a will!

Irrespective of your tax domicile

Usufruit

Default solution in Belgium
use & fruit

House : rent + cost of maintenance
Bank accounts : interest : low rates

Who inherits what?

▼ Avoid giving usufruit

▲ Opportunity: split purchase

Irrespective of tax domicile

EU Succession Regulation

law of your last habitual residence (BE)
but you can opt for your national law
in your will
(forced heirship rules)

International successions

Irrespective of your tax domicile

Make a will

How ?

Handwritten will

Notarised will

International will

Is my foreign / overseas will valid?

Do I need a will?

- change the intestacy rules
 - give family home to partner
 - for tax planning
- decide who gets what
- appoint a guardian for young children
- make funeral arrangements
- deny children the conversion of usufruit
- opt for your national law

Make a will

Limitations

Forced heirship rules

Children : 50%

Spouse : usufruit of either 50% of estate
or family home

not for **Registered partner!**

EU Succession Regulation

Your will is governed by the law
of your last habitual residence



UK will -> Belgian law (forced heirship rules)

You can opt for your national law

but not for your national inheritance tax

Do not forget the protocol while in service

Inheritance Tax

Belgium

3 regions Brussels

Flanders

Wallonia

3 inheritance tax codes



Inheritance Tax

is due on Share in Estate
of a Belgian **resident**
in Belgium and **abroad**

incl. life insurance ▼

gifts in last three years ▼
(5 years in Wallonia)

unless gift tax was paid

excl. occupational pensions



Inheritance Tax

Family home :

spouse and registered partner do not pay inheritance tax



Inheritance Tax

Spouse, registered partner,
children and grandchildren

3%-30%

Flanders : 3%-27%

Calculated **separately** for
real estate and movables



Inheritance Tax




Brothers/sisters 20%-65%

Uncles/aunts
nieces/nephews 25%-70%

Friends/strangers 30%-80%



Inheritance Tax

		10,000	25,000	50,000	100,000	250,000	500,000	1,000,000
BRUSSELS 	spouse / children	0%	1%	2%	5%	10%	17%	24%
	siblings	20%	23%	26%	33%	48%	56%	61%
	nieces nephews	35%	35%	35%	43%	56%	63%	67%
	other	40%	40%	40%	50%	64%	72%	76%
FLANDERS 	spouse / children	3%	3%	3%	6%	8%	17%	22%
	siblings	25%	25%	27%	35%	47%	51%	53%
	nieces nephews	25%	25%	27%	35%	47%	51%	53%
	other	25%	25%	31%	41%	49%	52%	54%
WALLONIA 	spouse / children	3%	4%	4%	6%	11%	17%	24%
	siblings	20%	23%	29%	36%	49%	57%	61%
	nieces nephews	25%	28%	34%	41%	54%	62%	66%
	other	30%	33%	46%	58%	71%	76%	78%

This is a group rate, due by all heirs together



Article 13 Protocol – Tax Domicile



For
Income tax
Wealth tax
Death duties
Double tax
treaties

Domicile in Belgium

you are recruited from Belgium

you stay in Belgium upon retirement

inheritance tax is due

in Belgium on entire estate

in X on real estate in X

in Y on real estate in Y(?)

in Z on real estate in Z(?)

If you take up residence / domicile abroad



Domicile in X

inheritance tax is due
in X on entire estate

in Belgium on Belgian real estate

in Y on real estate in Y(?)

in Z on real estate in Z(?)

No inheritance tax

Austria
Estonia
Latvia
Malta
Portugal
Slovakia
Sweden



No inheritance tax for spouse

Austria
Bulgaria
Croatia
Cyprus
Czech
Denmark
Estonia
France
Ireland
Latvia

Lithuania
Luxembourg
Malta
Poland
Portugal
Slovakia
Slovenia
Sweden
UK



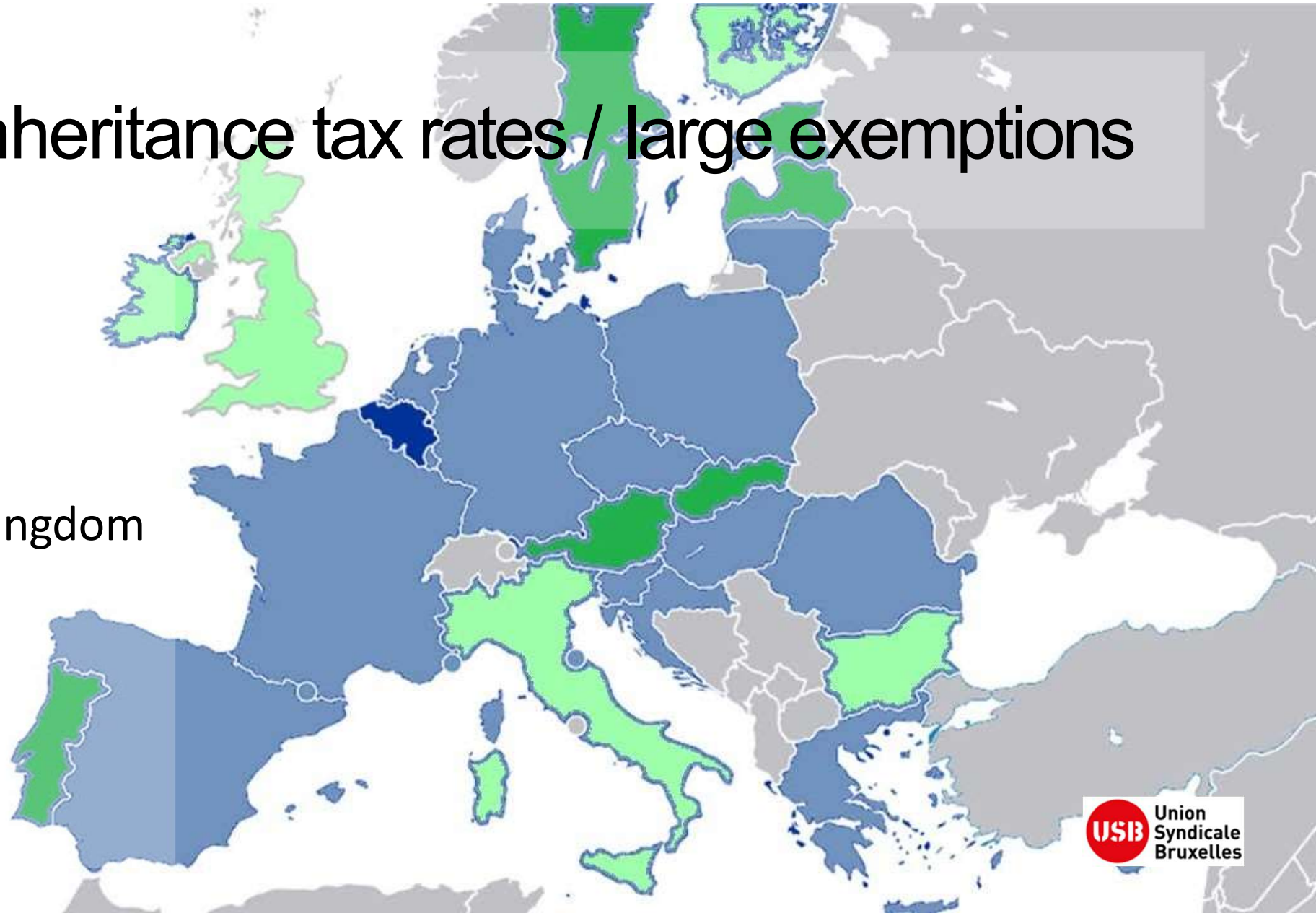
No inheritance tax for children

Austria	Poland
Bulgaria	Portugal
Croatia	Slovakia
Cyprus	Slovenia
Czech	Sweden
Estonia	
Latvia	
Lithuania	
Luxembourg	
Malta	



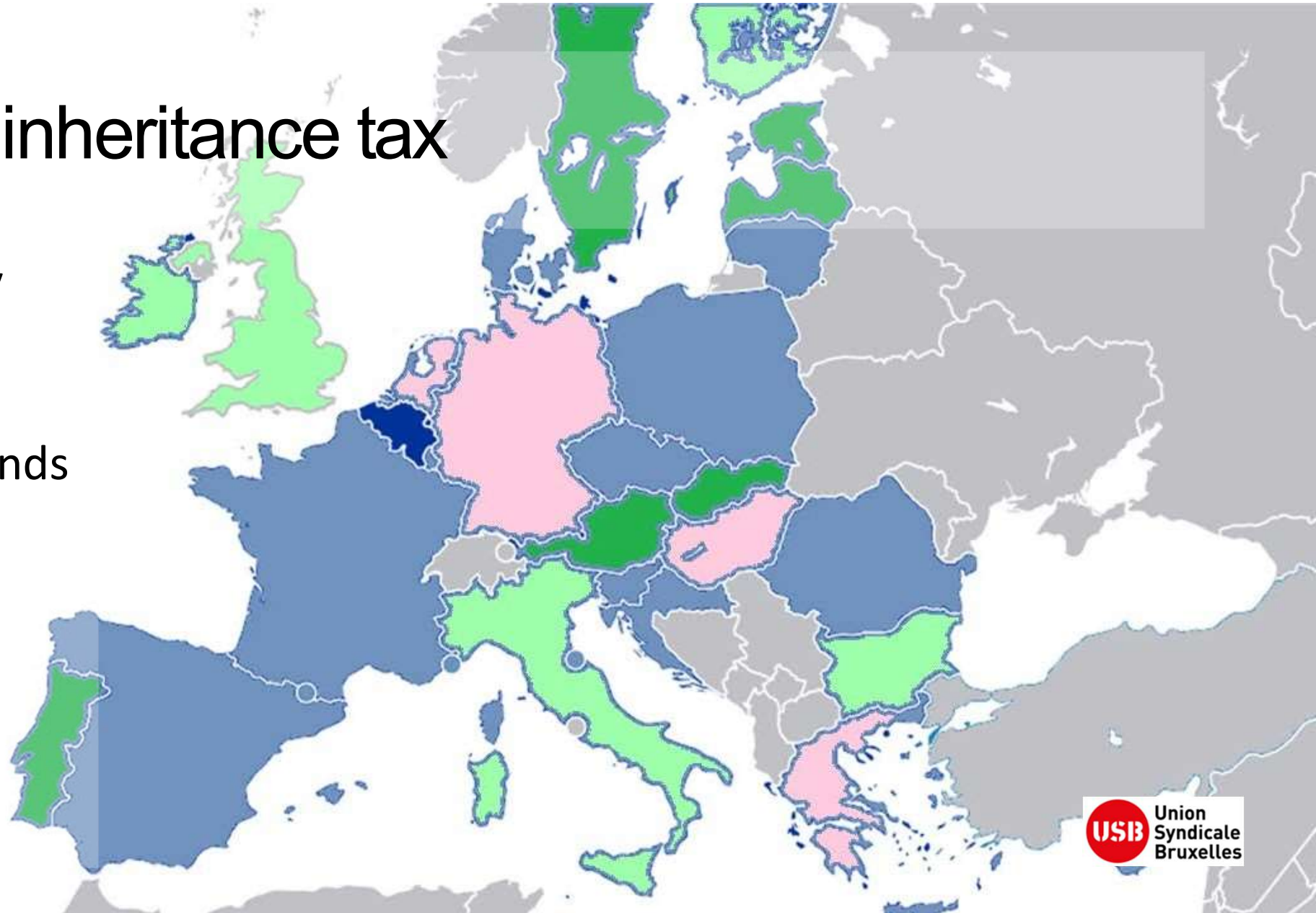
Low inheritance tax rates / large exemptions

Finland
Ireland
Italy
Romania
United Kingdom



Some inheritance tax

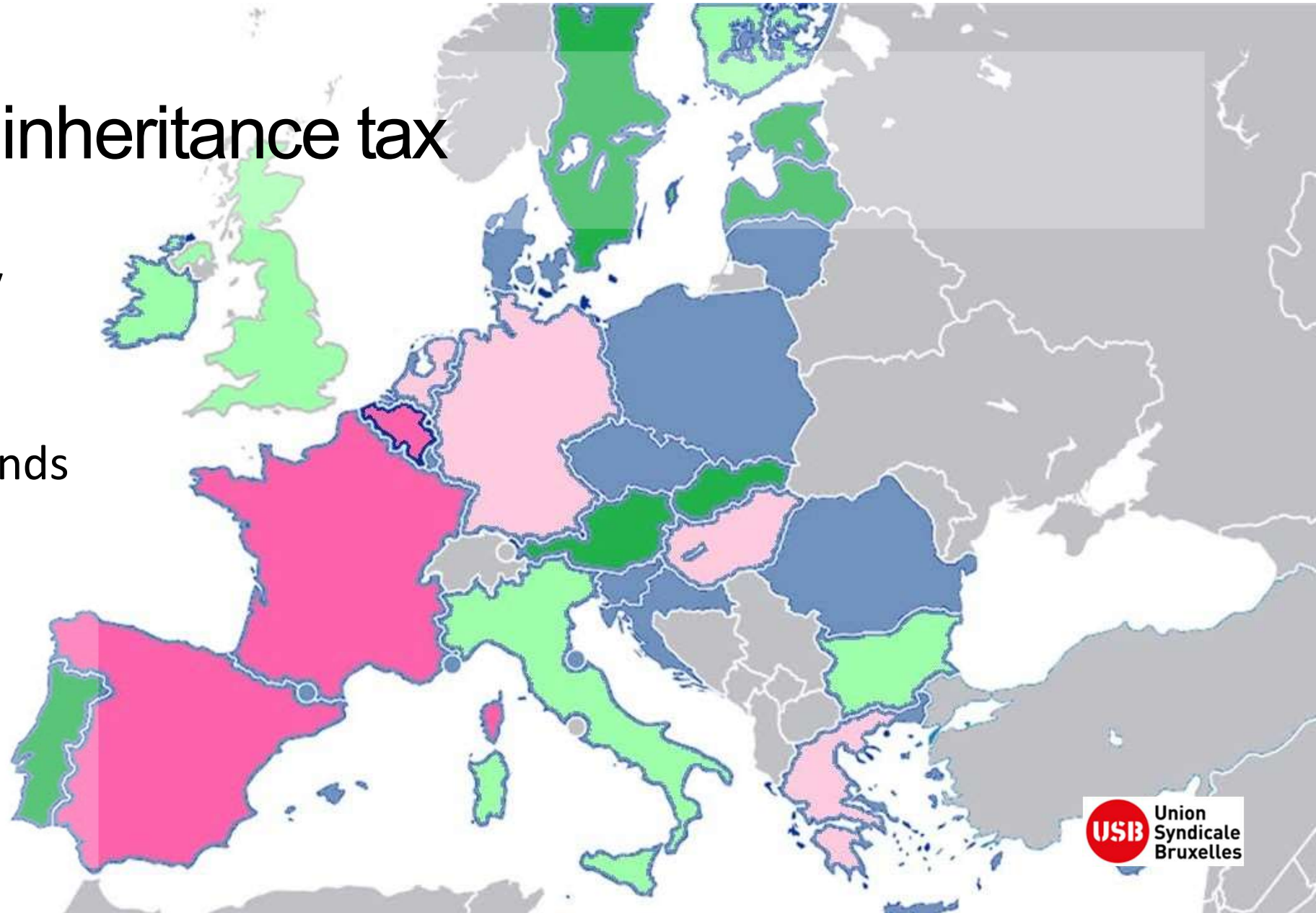
Germany
Greece
Hungary
Netherlands



Some inheritance tax

Germany
Greece
Hungary
Netherlands

Belgium
France
Spain



Some Examples



Italian EU official with Italian Tax Domicile



Belgian inheritance tax on family home

leave family home in will to wife – no inheritance tax

bequest in cascade for the children



Italian inheritance tax on worldwide estate (incl. BE home)

wife and children : 4% over €1,000,000

siblings : 6% over €100,000

Some Examples



Italian EU official with Luxembourg Tax Domicile



Belgian inheritance tax on family home

leave family home in will to wife – no inheritance tax

bequest in cascade for the children



Flat in Florence : Italian inheritance tax (4% over €1,000,000)



Luxembourg inheritance tax on worldwide estate (incl.BE+IT)

wife and children : 0%

Some Examples



Italian EU official with Luxembourg Tax Domicile



Belgium Son in France: pays inheritance tax when inherits
first €100,000 is exempt
rates 5% - 45% (€1,000,000 -> €212,962)



Flat in Florence : Italian inheritance tax (4% over €1,000,000)



Luxembourg Daughter in Ireland: pays inheritance tax when inherits
first €335,000 is exempt
rate 33% (€1,000,000 -> €219,450)

Some Examples



Spanish EU official with Spanish Tax Domicile



Belgian inheritance tax on family home

leave family home in will to wife – no inheritance tax

bequest in cascade for the children

Spanish inheritance tax on worldwide estate

beneficiary pays if lives in Spain

inheritance tax

bonificacion 90-99% e.g. Andalucia, Madrid, Sevilla



Start Planning ...

- Wills
- Gifts
- Marriage contract
- Insurance policy





Planning with wills

Give family home to partner

no inheritance tax

give full property

better than just usufruit

- ▼ forced heirship rules
- opt for national law
- marriage contract



Planning with wills

More inheritance tax on 2nd death
children inherit from one parent
bequest in cascade
children inherit from both



Planning with wills

Spread your inheritance

More heirs = less inheritance tax

	€500,000		€1,000,000	
1 child	€85,300	17%	€235,300	24%
4 (grand)children	€29,200	6%	€101,200	10%

Brussels and Flanders : not for nieces & nephews



Planning with wills

Skip a generation

give to children and grandchildren

directly

indirectly

possibly with an IOU



Planning with wills

Charity

7% inheritance tax (0% in Flanders)

“Legs en duo” (not in Flanders)

You give to a charity

and to family (45% - 55%)

Charity pays bequest to family

inheritance tax for family

7% on rest



Planning with gifts

Gift tax (before Belgian notary)

real property:

family: 0 - 150,000 3% +

others: 0 - 150,000 10% +

movables:

family: 3% (Wall. 3.3%)

others: 7% (Wall. 5.5%)



Planning with gifts

No gift tax

hand to hand gift

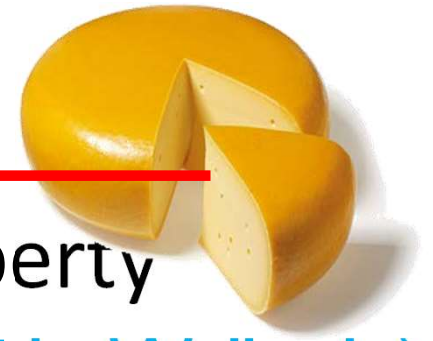
gift by bank transfer

~~gift before Dutch notary~~

gift of overseas real property

But you must live 3 years (5 in Wallonia)

if not: inheritance tax





Planning with gifts

Opportunities

Gift real property

3% on first €150,000

repeat every three years

keep usufruit



Planning with gifts

Opportunities

Downsize to flat

Sell family home

Gift some cash to children

Split purchase

You buy usufruct of flat

Children buy bare ownership



Planning with gifts

Opportunities

Reciprocal gifts partners

3% gift tax

Reverts to donor upon death

Gift in cascade

1st gift to spouse/partners

2nd gift to second beneficiary



Planning with marriage contract

Opportunities

Opt for community property
with “survivor gets it all”

Opt for separate properties
with (optional) participation
before a reciprocal gift? ▼



Planning with life insurance

Opportunities

to pay the **inheritance tax**

- ▼ inheritance tax is due !
 - only if you insure your own life
 - **not** if your heirs/legatees take out insurance on your life ▲



Planning with life insurance

Opportunities

... **joint life second death**

Insurance wrappers

1st death: no inheritance tax

survivor can redeem

2nd death: inheritance tax

▼ inheritance tax when you take out more than you put in



Planning with life insurance

Opportunities

... reciprocal insurance policies

H takes insurance on W's life

W takes insurance on H's life

and they invest in wrappers

H dies: insurance pays out

no inheritance tax

Start planning

DON'T PUT
IT OFF!

and keep your plan up to date

Don't wait too long

- Accidents happen
- You are not getting younger
- How is your health
- Children live abroad?
- Are you planning to move back?
- Gifting Belgian real property takes time (every 3 years)



Don't leave us a mess

Where do we find your will & last wishes
bank accounts,
heirs and beneficiaries?

Checklist personal assets



carnet de mariage
bank accounts and insurance policies
property deeds
your will

Do give a lasting power of attorney



Do give a lasting power of attorney

Alternative is justice of the peace

Preferably before a notary

Representative(s)

Deputy representative

Starting when?

TEP-talks

TAX & ESTATE PLANNING

- | | |
|-------------|---|
| 16 Nov 2023 | From Expatriate to Inpatriate |
| 23 Nov 2023 | Estate planning for dummies |
| 30 Nov 2023 | Estate planning when you have no children |
| 14 Dec 2023 | EU officials: an introduction to taxes |
| 21 Dec 2023 | Estate Planning with Wills |
| 18 Jan 2023 | Estate Planning with Gifts |
| 25 Jan 2023 | Issues with Trusts in Belgium |

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