

5.5 REDUCTIONS

Title IV bis

5.5.A Reductions (art. 23-26)

- Prior years' **tax losses** (negative taxable bases, BIN) may be offset without any time limit **up to €1 million**
- Above that amount, 70% of the preliminary taxable base applies (this limit does not apply during the first 3 years of newly created companies)
- It does not apply to acquisitions of loss-making companies in certain circumstances

5.5 Other reductions

- Income from the licensing of intangibles (patents) is included at 40%, if:
 - The entity owns at least 25% of the licensed asset
 - It does not generate deductible expenses in the same licensee
 - It is not carried out in tax havens
- The amount of the social welfare projects of savings banks and banking foundations

5.5.B Reduction for the Capitalisation Reserve (art. 25)

- The Capitalisation Reserve:
 - Reduces the taxable base by 10% of the increase in freely available equity, excluding the profit for the year, with a limit of 10% of the taxable base, if:
 - An unavailable reserve is set up for the amount of the reduction (other than the legal reserves)
 - The increase in equity is not reduced in the following 5 years, except for losses (no dividend distribution)

From 1-1-2024: 15% of the increase in equity and 3 years.

From 1-1-2025: 20% (25% if net turnover < €1m)

and 23%; 26.50% and 30% with increases in average headcount.

5.5.C Reduction for the Levelling Reserve

- The Levelling Reserve:
 - Reduces the taxable base by 10% for small-sized entities (ERD), if:
 - An unavailable reserve is set up for the amount of the reduction
 - Its purpose is to offset in advance possible losses of the following 5 years.
 - If no losses arise, it is reversed after 5 years