

# TAX SHELTER FOR START-UP COMPANIES

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*Good news for investors and start-up companies: the Tax Shelter for start-up companies remains a powerful fiscal incentive in 2025, with a maximum investment amount of €500,000 per company. This measure is specifically designed to promote the growth of SMEs and micro-enterprises in the post-COVID economic landscape.*

## What is the Tax Shelter?

The Tax Shelter offers individuals an attractive tax reduction when they invest in start-up companies that are at most four years old. Depending on the size of the company in which the investment is made, this reduction can amount to 30% or even 45% of the invested amount.

Specifically, investors are entitled to a tax reduction of 30% when investing in small companies, and an even more attractive 45% when choosing micro-companies. This tax reduction applies to the tax assessment year relating to the income year in which the investment was made.

An important point to note is that this reduction is neither refundable nor transferable to subsequent tax years. It is therefore an advantage that you must be able to utilize directly in the year of investment.

One of the most notable aspects of the Tax Shelter regime in 2025 is the increased maximum amount that start-up companies can raise. A start-up company can raise up to €500,000 through this fiscal measure. This amount has recently been doubled (previously €250,000) to further support companies in their growth after the COVID-19 pandemic.

This increase provides young companies with considerably more room to expand their activities, invest in innovation, or enlarge their workforce. For investors, this means more opportunities to participate in the success of promising startups.

## Who is eligible as an investor?

The Tax Shelter is open to a broad group of potential investors. You are eligible if

you belong to one of the following categories:

- Residents subject to personal income tax;
- Non-residents subject to and regularized in the tax for non-residents (natural persons);
- Family members of founders and employees of the company.

Investors can invest a maximum of €100,000 per taxable period via the “Tax Shelter for start-ups and scale-ups” combined. This ceiling ensures that the fiscal advantage is spread across multiple investors and projects.

The Tax Shelter does not apply to company directors of companies in which they themselves directly or indirectly exercise their activity as company director. This is to prevent conflicts of interest and ensure that the fiscal advantage benefits genuine external investors.

A direct company director is someone who performs a task as director, manager, liquidator or similar function, or who exercises a leading function or activity of daily management, of a commercial, financial or technical nature in the company outside an employment contract.

An indirect company director is someone who exercises a function of company director as a permanent representative of another company, or through the intervention of another company of which this person is a shareholder.

### Which companies are eligible?

To be eligible for the Tax Shelter regime, a company must meet specific criteria. The investment must be made at the incorporation of the company, or during a capital increase within four years after incorporation. In both cases, it concerns companies that were incorporated no earlier than January 1, 2013.

Since January 1, 2024, the following criteria apply:

	Micro-company	Small company
Annual average workforce	10	50
Annual turnover (excl. VAT)	€900,000	€11,250,000
Balance sheet total	€450,000	€6,000,000

A company qualifies as micro or small when it does not exceed more than one of these criteria.

In addition to the size criteria, the company must satisfy various other conditions

to be eligible for the Tax Shelter regime:

- It must be a domestic company or a company from the European Union with a Belgian establishment;
- The company may not have been incorporated in the context of a merger or division;
- The company may not be an investment, treasury or financing company;
- The company may not be a 'real estate company';
- The company may not have been incorporated with a view to concluding management or director agreements;
- The company is not listed on the stock exchange;
- The company may not have implemented a capital reduction in the past (except for exceptions) or distributed dividends;
- The company may not use the received sums for the distribution of dividends, the purchase of shares, or the granting of loans.

## Different investment possibilities

Investors can use the Tax Shelter regime in different ways:

- Direct investment in shares of a start-up company;
- Investment via approved crowdfunding platforms;
- Investment via a starter fund or private starter PRICAF.

For each investment method, specific conditions and procedures apply, but the fiscal advantage remains substantial: 30% tax reduction for investments in small companies and 45% for investments in micro-companies.

## Practical Requirements for a Successful Tax Shelter Investment

To optimally utilize the Tax Shelter scheme, there are several practical steps that both investors and companies must follow:

- For Investors:

As an investor, you must receive a tax certificate from the company or platform through which you have invested. This certificate is crucial for your tax return and must be carefully preserved. The certificate states the invested amount eligible for the tax reduction.

On your annual personal income tax return, you must declare the invested amount using the designated codes. The tax reduction will then be automatically calculated and applied to your tax liability.

Remember that you must retain the shares for a minimum of 4 years to definitively maintain the tax benefit. In case of premature sale or transfer of shares, the tax authorities may reclaim all or part of the benefit received.

- For Start-up Companies:

As a start-up company raising capital through the Tax Shelter, you are obligated to prepare tax certificates for your investors. These certificates must be provided to investors in a timely manner and submitted electronically to the tax authorities via Belcotax-on-web, no later than March 31st of the year following the investment.

For four years following the investment, you must annually confirm that all conditions are still being met and that the investor still holds their shares. This is also done via a certificate provided to the investor.

It is advisable to establish a clear procedure for the timely preparation and submission of these certificates to prevent investors from missing out on their tax benefits due to administrative shortcomings.

Please note that Tax Shelter operations carry certain risks, particularly the risk that the investor may not receive the expected tax benefit, which could lead to partial or total loss of the invested amount if the intermediary's guarantee mechanisms prove ineffective.

## Conclusion

The Tax Shelter for start-up companies offers an excellent opportunity in 2025 for both investors and young companies. Investors can enjoy considerable tax advantages, while start-up companies gain access to necessary financing to realize their growth ambitions. With the increased investment ceiling of €500,000 per company, this regime is more powerful than ever.

If you have any questions after reading this article, please do not hesitate to contact us via [joost.peeters@studio-legale.be](mailto:joost.peeters@studio-legale.be) or 03 216 70 70.