

2024 : NEW PARAMETERS FOR WITHHOLDING TAX AT SOURCE

Since 1st of January 2024, the calculation of withholding tax at source is affected by the following factors: a new tax scale, the end of the Crédit d'Impôt Conjoncture (CIC) [economic tax credit], the introduction of the new CI-CO2 tax credit and a reduction of the employee tax credit.

- **New tax scale**

Under the 2023-2028 coalition agreement signed on November 16 and the Act of 22 December 2023 now provide that the personal income tax scale is adjusted **by 4 index-linked brackets** on January 1, 2024 (including the adjustment of 2.5 brackets decided by the law of July 5, 2023). In practical terms, this means that salaried employees benefit from tax relief.

- **End of the Crédit d'impôt Conjoncture (CIC) [economic tax credit]**

The economic tax credit was introduced in 2023 and was applicable only to tax year 2023. It will therefore **no longer be granted from** January 2024.

- **New income tax credit CI-CO2**

A new supplementary tax credit has been introduced to offset the cost of the Co2 tax for the lowest salaries. This new credit is calculated as follows:

Income	Amount of CI-Co2
Annual income between €936 and €40,000	€168 per year
Annual income between €40,001 and €79,999	From €168 to €0 per year [168 – (gross salary – 40,000) x 0.0042]

Initially announced at €144 per year, the amount has now been increased to €168.

- **Reduction of the Crédit d'impôt pour Salariés (CIS) [employee tax credit]**

Whereas since January 2021 the employee tax credit has been capped at €696, as of 2024 the maximum amount of the employee tax credit will be €600. The new calculation formulas are provided below:

Income	Amount of CIS
Annual income between €936 and €11,265	From €0 to €300 per year [300 + (gross salary - 936) x 0.029]
Annual income between €11,266 € and €40,000	€600 per year
Annual income between €40,001 and €79,999	From €600 to €0 per year [600 - (gross salary – 40,000) x 0.015]