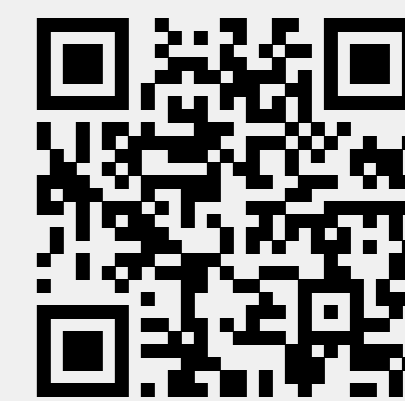


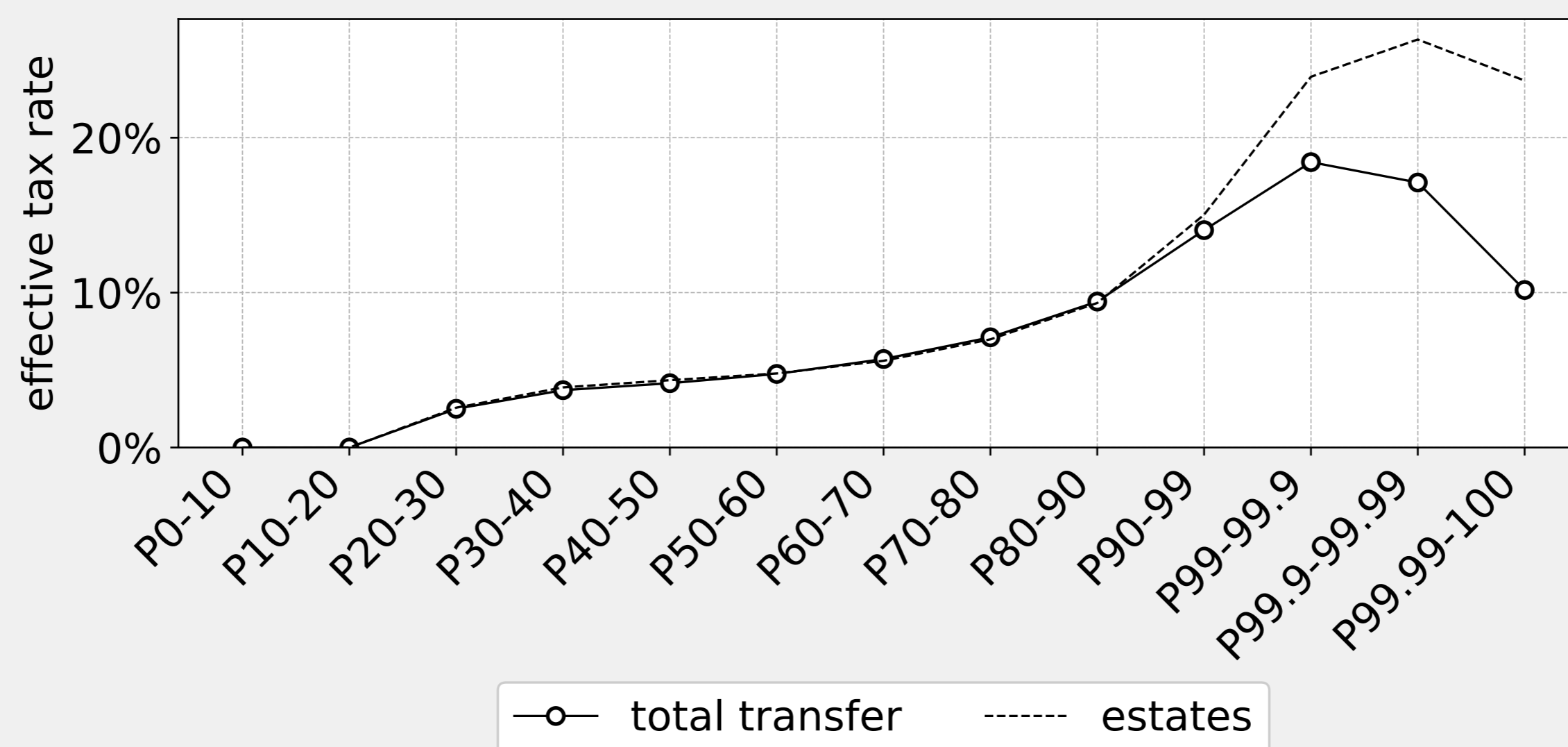
PRE-DEATH GIFTS AND REGRESSIVE WEALTH TRANSFER TAXATION



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Pre-death gifts halve top 0.01% effective tax rates, making Belgium's wealth transfer tax system regressive at the top



Legal context

Gift taxation in Belgian regions differs strongly from gift taxation in major European countries (France, Germany, Netherlands, Italy, Spain, UK):

- **Tax wedge.** Gift tax rates are much lower than inheritance tax rates, even shortly before death (e.g. 3% flat rate on movable property gifts versus progressive inheritance tax rates up to 27%)
- **Gift tax differentiation.** Flat rates for gifts of movable property, progressive rates for immovable property
- **Untaxed gifts.** Unregistered gifts more than 5 (used to be 3) years before death are untaxed

Data

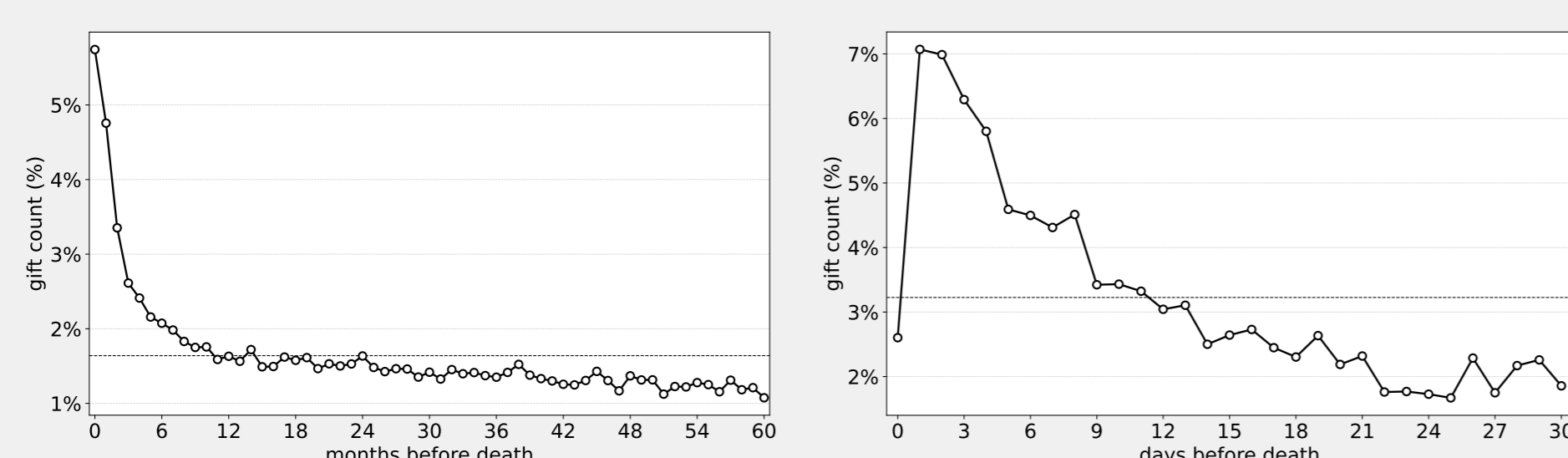
Administrative microdata at the decedent/donor level, with full population coverage:

- **Inheritance tax records** (2009–2022) from the federal (AAPD) and Flemish (VLABEL) tax administrations
- **Gift tax records** linked to the same individuals. Reliable for movable property from 2013. Effective tax rates available from 2016
- **Statbel census and national registry** data, linked at the individual level for gender, age, region and education

Baseline results use 2019–2022 averages and a 3-year pre-death gift horizon, matching the legal treatment of unregistered gifts during most of the sample period.

Timing of pre-death gifts

Registered gifts peak shortly before death.

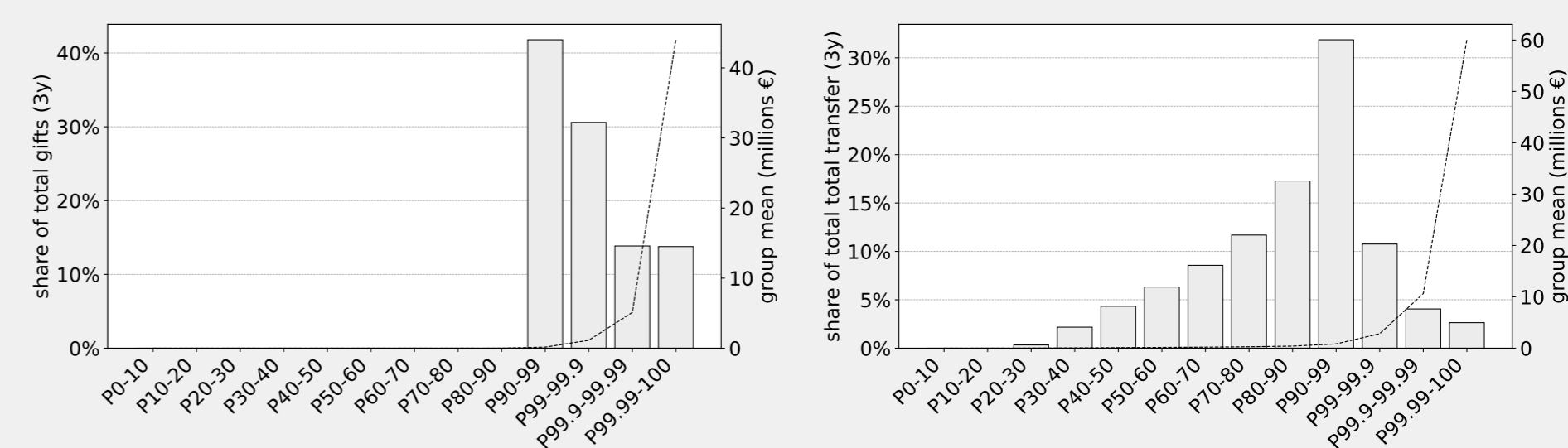


(a) Gifts 60 months pre-death

(b) Gifts 30 days pre-death

Distribution of wealth transfers

Gifts are much more concentrated than total transfers overall, with less than 10% of individuals gifting within the 3 years before death.



(a) Registered gifts

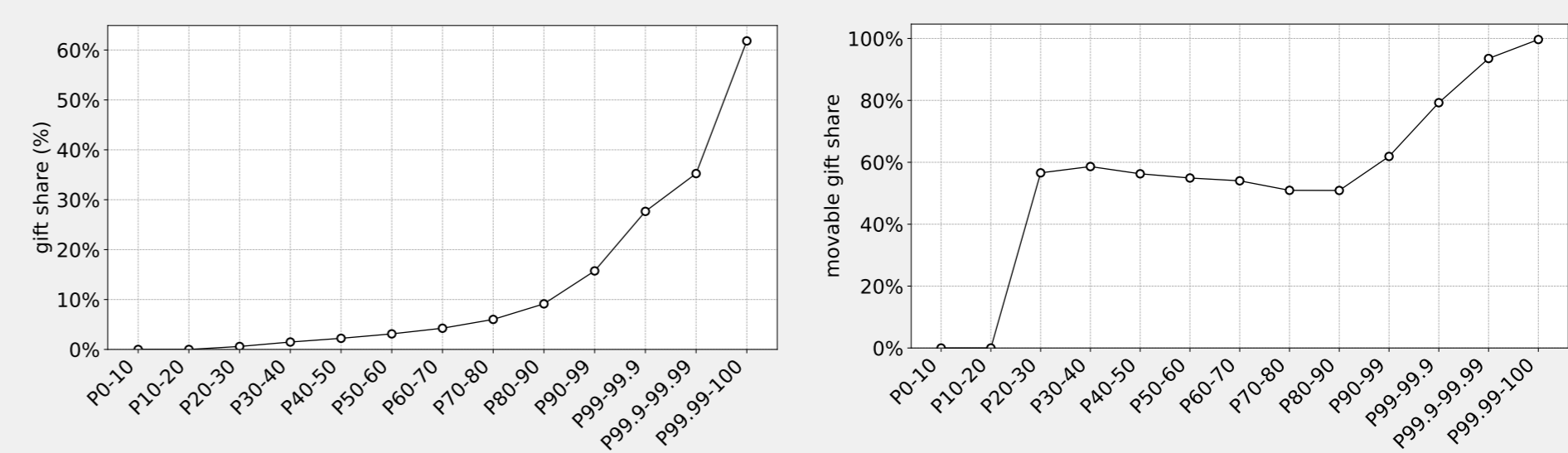
(b) Total transfers (gifts + estates)

Decomposition by age, gender, region, and education in working paper.

Regressive wealth transfer taxation

The regressiveness of the wealth transfer tax system has two main drivers:

- **Total transfers at top are predominantly gifts.** Around 60% of total transfers at the top 0.01% are gifts, against 20% in the rest of the top decile.
- **Gifts at top are predominantly movable property.** Gifts at the top 0.01% are almost entirely made up of movable property, which is taxed at much lower rates than immovable property



(a) Gift share

(b) Movable gift share

Fiscal cost

Under observed pre-death gifting behaviour and disregarding unregistered gifts, the foregone tax revenue from the wedge amounts to **€460 million** in 2022 at the 3-year baseline (€125–710 million across 1-month to 7-year horizons). Such an amount would suffice to:

- completely eliminate wealth transfer taxation on 43% of decedents, or
- reduce the tax burden on all estates by €9 000