

The new Belgian carried interest regime and international comparison

IFA Belgium

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Carried interest in Belgium

1. Introduction to carried interest

Concept and defining features

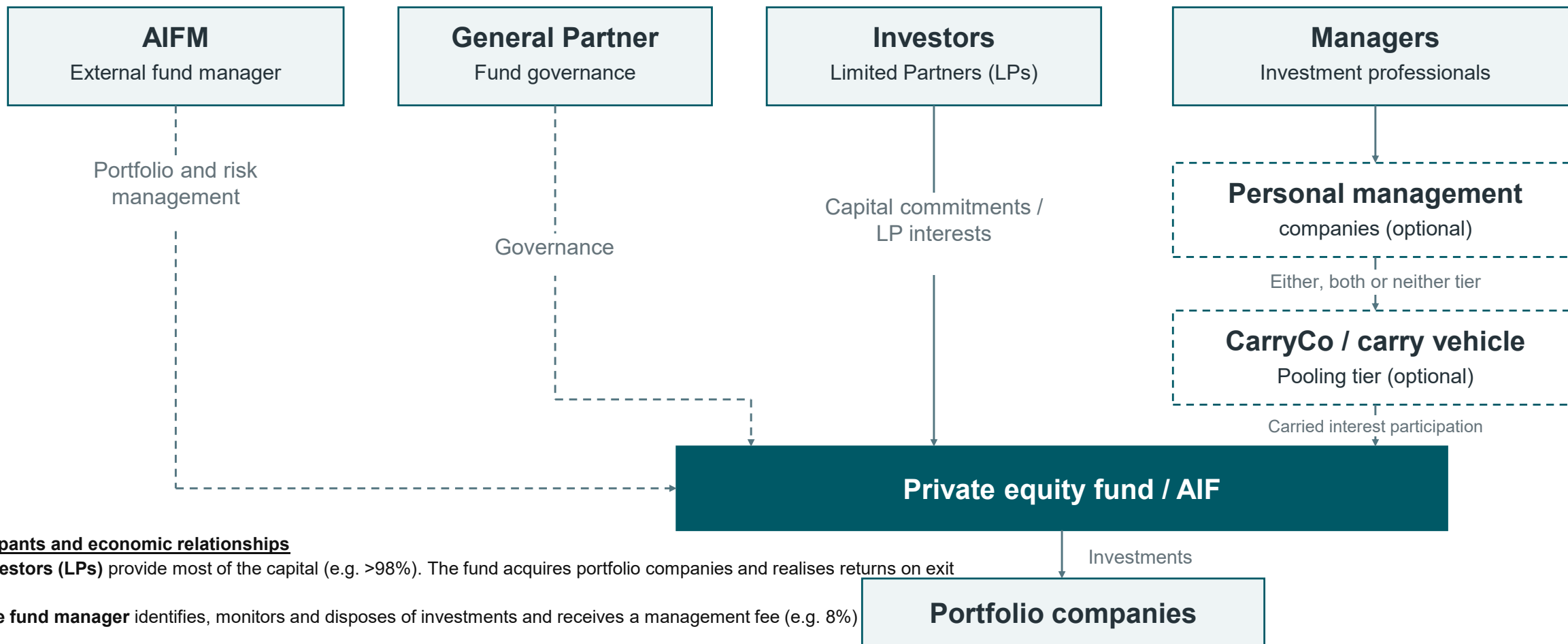
Working definition

- Carried interest is a **performance-based** entitlement that allows fund managers to receive a share of investment profits which is **disproportionate to their capital contribution**



1. Introduction to carried interest

An illustrative European private equity structure



Participants and economic relationships

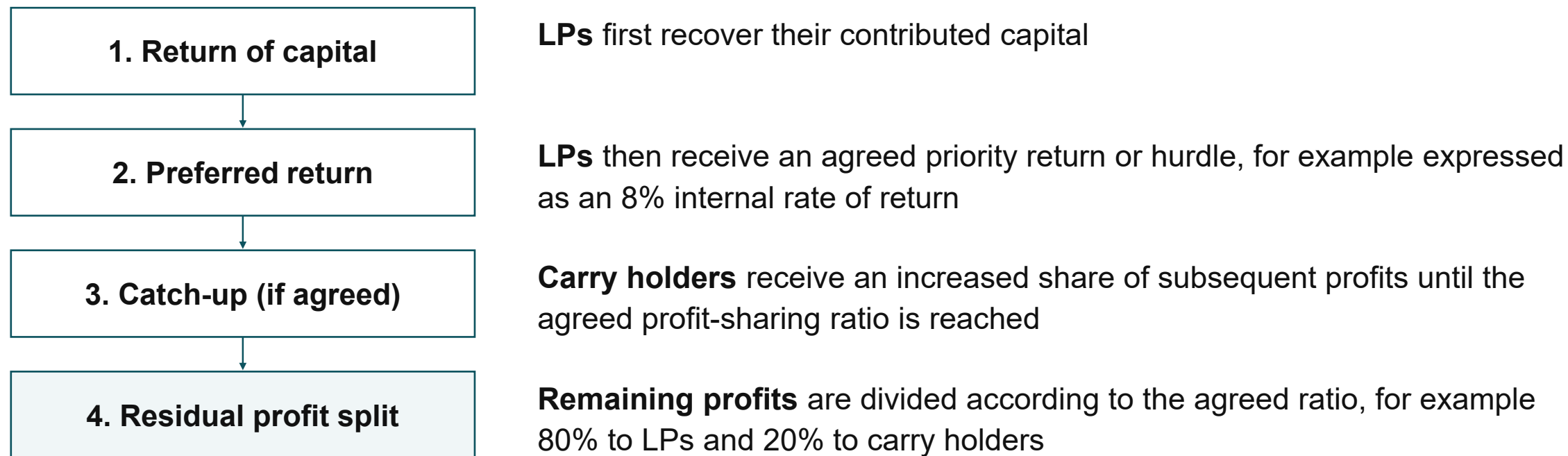
- **Investors (LPs)** provide most of the capital (e.g. >98%). The fund acquires portfolio companies and realises returns on exit
- **The fund manager** identifies, monitors and disposes of investments and receives a management fee (e.g. 8%)
- **Managers** may co-invest and hold separate carry rights, directly or through a CarryCo (via ManCo or not)
- **Carry rights** provide a disproportionate profit share under the agreed distribution waterfall

1. Introduction to carried interest

The distribution waterfall

A typical contractual sequence

The fund documentation determines the order and allocation of distributions



Illustrative terms only: the hurdle, any catch-up and the profit-sharing ratio vary between arrangements.

2. Historical tax treatment

Before the 2025 reform | Ordinary tax law, not a tax vacuum

No dedicated regime: classification determined the outcome

The same economic incentive could fall into different tax categories.

Income / transaction	Ordinary treatment ¹
Movable income	30%, in principle
Private share gain	Generally untaxed
Miscellaneous income	33% + local surtax
Professional income	Progressive rates, up to 50% + local surtax

Legal uncertainty !

2. Historical tax treatment

Selected judgments

The courts repeatedly rejected professional-income assessments

Court / reference	Relevant transaction	Outcome in the decision	Important limit
Ghent CA 7 Jan 2020 2019/AR/449	Share sale after restructuring an earlier carry arrangement	No professional or miscellaneous income on the gain	Court distinguished the ultimate gain from the original carry entitlement
Leuven CFI 19 Nov 2021 20/290/A	CIV shares acquired under a stock-option plan	Professional-income assessment annulled ; sham / guaranteed benefit not proved	No general clearance under Art. 90 ITC 92
Brussels CFI 27 Feb 2023 2022/2066/A	Stock options, exercise and subsequent sale of CIV shares	No professional income at realisation on the facts; sham not proved	Art. 90(9) ITC 92 was expressly not decided
Antwerp CA 25 Feb 2025 2023/AR/1736	Substitute assessment on sale of CIV shares acquired through options	Miscellaneous-income taxation rejected ; normal private-asset management	Appeal on Art. 90 ITC 92 only; earlier professional-income assessment already annulled

The professional connection was not sufficient on its own — the rights, facts and proof remained decisive.

2. Historical tax treatment

Selected rulings

Ruling practice: no single classification for all carried interest

Ruling / date	Relevant configuration	Treatment accepted — and its limit
2019.0717 · 24 Sep 2019 2022.0086 · 22 Mar 2022	Private profit interests; dividends and specified leaver transfers	Dividends ; specified leaver gains neither professional nor miscellaneous
2023.0749 · 14 Nov 2023	Individual sale of CarryCo BE shares in leaver / liquidity situations	Miscellaneous income , not professional income
2024.0364 · 9 Jul 2024	Waterfall distributions through transparent Luxembourg entities	Excess return: miscellaneous income ; pro rata underlying income retains its nature
2024.0545 · 3 Sep 2024	Corporate carry chain and onward dividends	Dividends ; conditional DRD / VVPRbis. Express exit and liquidation-reserve caveats
2011.535 · 28 Feb 2012	Separate contractual carry; lending directors were not holding-company shareholders	Professional income (Art. 32 ITC 92): payment found to remunerate services

The label “carried interest” did not determine the outcome: skin in the game, risk level, nature of rights (shares, options, etc.) and link with the professional activity remained decisive.

2. Historical tax treatment

Selected rulings

Personal Service Companies (ManCo): favourable routes, but not automatic exemptions

Ruling	What was accepted	Qualification / limit
2021.0102 23 Mar 2021	Dividend chain; conditional DRD / participation exemption relief and VVPRbis	Tax condition and all reduced-withholding requirements remain applicable
2024.0545 3 Sep 2024	Dividends; conditional DRD / VVPRbis	Individual exits: miscellaneous income. Durable ManCo; finite-life vehicle liquidation-reserve warning
2025.0254 24 Jun 2025	ManCo dividends: conditional VVPRbis and non-abuse confirmation	Relates to the identified corporate chain and statutory conditions
2021.0359 8 Jun 2021	Pro rata look-through income eligible for DRD / participation exemption treatment	Disproportionate excess treated as taxable corporate profit at the relevant Belgian company level

VVPRbis structures were allowed whereas liquidation reserves were not

3. The new Belgian carried interest regime

Program Law of 18 July 2025 | Core rule and entry into force

A mandatory classification for in-scope carried interest

- A **separate category of movable income**, irrespective of whether the in-scope return is paid as a profit share, realised on a transfer or received on buybacks / liquidation
- **25% separate income-tax rate and 25% withholding tax**, in principle final for individuals
- No municipal surcharge on the carry income
- **No recharacterisation as professional income under Article 37 ITC 92**
- The statutory treatment applies where the conditions are met: it is not an elective regime

Temporal scope

- Income **paid or attributed from 29 July 2025**, including under existing arrangements
- Exception: income from a carry vehicle **placed in liquidation by 29 July 2025**

3. The new Belgian carried interest regime

Scope of application

The “Three Tests”: the vehicle, the beneficiary and the rights must be examined

1. “Vehicle Test”: Carry vehicle — Art. 2(1)(23°) ITC 92

- A Belgian or foreign collective investment undertaking raising capital from a number of investors under a defined investment policy for their benefit
- That is NOT a UCITS or a non-EU equivalent
- **// AIF definition**
- **Non-AIF arrangements:** economically similar incentives are not enough to bring a structure within the definition

2. “Beneficiary Test”: Carry beneficiary — Art. 2(1)(22°)

- Natural persons performing activities, directly or indirectly, for the vehicle or its manager
- The definition also refers to “**related persons**” (e.g. carry holder is a related individual or a controlled company)
- Corporate recipients remain subject to ordinary corporate tax rules

3. “Rights Test”

- **Stock-option carve-out:** income linked to shares acquired by exercising options under the Law of 26 March 1999 is excluded — for both existing and future plans

3. The new Belgian carried interest regime

Taxable income — Article 19quater ITC 92

Three forms of income; only the disproportionate return is carry

- 1. Profit allocations:** a share in the vehicle's profits, including dividends, paid or attributed by or through the vehicle
- 2. Transfer of rights:** a capital gain realised on the disposal of rights in the carry vehicle
- 3. Buybacks / liquidation:** amounts treated as dividends under Articles 186, 187 and 209 ITC 92

Determination of taxable carried interest

- **Acquisition value is deductible** as provided in Article 19quater ITC 92 (quid other acquisition costs? Art. 22 ITC 92 not adapted)
- The **proportional investment return** is excluded from the carry tax base
- The comparator is a **non-carry beneficiary's investment return, not simply the hurdle rate**: that ordinary return remains subject to its own tax rules

3. The new Belgian carried interest regime

Simplified illustration

Separating acquisition value, ordinary return and taxable carry

Illustrative assumptions only: same entry date, subscriptions at cost, one final distribution, no earlier cost recovery and no fees

Item	Ordinary investors	Carry holder
Capital invested / acquisition value	€900,000	€100,000
Assumed final proceeds, including capital	€1,800,000	€400,000
Return after recovery of acquisition value	€900,000	€300,000
Ordinary investors' net return on investment	100%	—
Proportional return: €100,000 × 100%	—	€100,000
Disproportionate return: €400,000 – €100,000 – €100,000	—	€200,000

Carry tax: €200,000 × 25% = €50,000
The €100,000 ordinary return follows its own tax treatment

3. The new Belgian carried interest regime

Collection and company-held rights

The individual regime and the corporate route remain distinct

Collection at individual level

- The Belgian payer generally **withholds 25%** when income is attributed or made payable (Art. 267 ITC 92)
- For foreign-source carry, a **Belgian intermediary or the deemed-payer rule** (link with the carry holder) for a connected foreign vehicle may create a Belgian withholding obligation
- Absent Belgian withholding, a resident individual declares the income (~~local surtax~~): **25% separate assessment**, unless declaration is more favourable

Corporate holding structures (see below)

- Receipt by a company remains subject to **ordinary corporate tax rules** (DRD and participation exemption depend on their conditions)
- **No specific carry exclusion from VVPRbis** was introduced: onward distributions retain their ordinary treatment
- **Liquidation reserves restricted** (as from tax year 2026) where a small company holds vehicle shares indirectly held by a carry beneficiary (// Ruling Commission's position)

4. From rules to reality: practical implications and remaining challenges



Source: AI-generated illustration (OpenAI, 2026)

1. Scope

Formal boundaries still drive tax outcome

Vehicle-based limitation: AIF qualification operates as a strict gateway

- The new regime is limited to vehicles meeting the AIF definition (Act 19/04/2014)
- It covers Belgian and foreign (including non-EU) AIFs provided substantive AIF criteria are met
 - Certain family offices, holding structures, feeder vehicles and co-investment arrangements may fall outside the regime
 - Even where they use economically comparable carried interest mechanisms

Key concerns

- Different tax treatment for economically comparable carry arrangements
- Potential distortion of level playing field – both domestically and internationally
 - Concerns regarding tax neutrality and equal treatment
 - Broader regimes in other jurisdictions → competitive disadvantage

1. Scope

Formal boundaries still drive tax outcome

Instrument-based limitation: stock option carve-out

- Stock-option structures are a frequently used method of structuring carried interest in Belgium
- Income relating to shares acquired through options under the Stock Option Act is excluded
 - Irrespective of whether the options were granted before or after introduction of new regime
 - Rationale: preserve legal certainty for existing plans, avoid double taxation and discourage “potentially aggressive structures”
 - Significant part of existing market practice remains outside the new regime, despite economically comparable carried interest return

Key concerns

- Tax treatment still depends on how carried interest is legally structured
- Policy inconsistency: a widely used structure remains outside scope <> legislator’s intention to define carried interest broadly



Takeaway

The scope remains driven by legal form rather than by the economic reality of the carried interest arrangement

2. Taxable basis

Proportional vs. disproportionate return

Taxable basis = carried interest = “disproportionate return”

Only the return that *exceeds the return of a non-beneficiary investor* qualifies as carried interest

- Ordinary/proportional return remains subject to the ordinary tax rules
- Only the "excess" return benefits from new carried interest regime
- Benchmark = return realised by a non-beneficiary investor (typically a limited partner)

Key concerns

- Comparator issue:
 - The comparator is identified, but the methodology is not
 - The benchmark is investor-based rather than rights-based
 - Investor status does not necessarily reflect the "ordinary" return
 - Returns may differ because of entry timing, share classes or negotiated rights
 - Benchmark may overstate or understate the true carried interest-element
- Interim distributions
 - Taxation occurs upon distribution, while the final waterfall outcome may only be known at the end of the fund life

2. Taxable basis

Deduction of acquisition value: an incomplete framework

Taxable basis: deduction of acquisition value

Article 19quater ITC 92 allows the acquisition value of the carried interest rights to be deducted when determining the taxable carried interest

Key concerns

- The acquisition value may become relevant at several stages: profit distributions, transfers of carried interest rights, redemption and liquidation proceeds
- The legislation does not clarify how the acquisition value should be allocated across successive taxable events
 - No guidance on:
 - When the acquisition value is deemed to be recovered
 - How previous deductions affect future deductions
 - How the deduction should be tracked throughout the life cycle of the investment
- Interaction with the new capital gains tax regime remains unclear
 - Risk of inconsistent outcomes, double deduction or double taxation



Takeaway

The reform resolves the qualification debate, but not the quantification debate

3. Tax rate of 25%

Justified and neutral?

Application of a fixed 25%-rate

Rationale put forward by the legislator:

- Enhance legal certainty and Belgium's international competitiveness
- Establish tax neutrality → reduce the importance of structure choice (directly vs. through a company)
- Carried interest is non-periodic and inherently risky (< 30%)

Key concerns

- Carry may otherwise have fallen under the general capital gains regime
- Neutrality appears only partially achieved:
 - Stock-option structures remain outside the regime (while in some cases retaining a more favorable tax treatment)
 - Company routes remain relevant and may still lead to different effective tax burdens→ Comparable economic outcomes receive different tax treatment depending on the instrument or holding structure used
- Council of State questioned whether a distinct 25% category is sufficiently justified



Takeaway

The rate provides certainty and is competitive, but important neutrality and equality concerns remain unresolved

4. Liquidation reserve restriction

A narrow trigger with broad consequences

Anti-abuse measure for liquidation reserves

Qualifying carried interest investments can trigger the liquidation reserve restriction

Key concerns

- Potentially over-inclusive restriction:
 - Restriction is triggered merely by holding an interest in a qualifying carried interest vehicle
 - Restriction is not limited to profits derived from carried interest
 - It may also affect profits from unrelated activities
 - Ordinary co-investments may equally trigger the restriction
 - The restriction applies to the entire taxable period in which the participation is held or disposed of
 - The measure goes significantly further than situations challenged in historical ruling practice
 - The exclusion may affect income that has no economic connection with carried interest
- Proportionality and equality concerns
 - Comparable companies may be treated differently solely because one company holds a qualifying carried interest investment

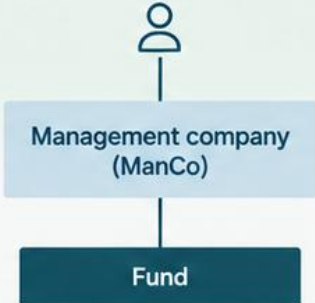
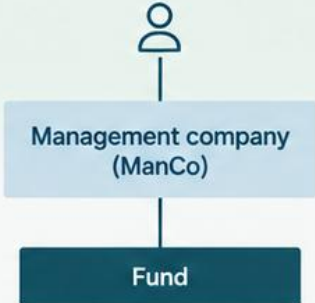


Takeaway

The anti-abuse measure seems broader than the abuse it seeks to prevent, raising questions of proportionality and equal treatment

2. Indirect holding: management companies

Structure choice still matters

Scenario	Structure	Tax at entity level (CIT)	Tax upon distribution to individual	Total effective tax burden
1 Direct holding Natural person holds carried interest directly		–	25% (carried interest regime)	25%
2 Via ManCo – DRD or participation exemption applies Carry income benefits from DRD or the participation exemption in the ManCo		0% (DRD or participation exemption)	18% (VVPRbis)	18%
3 Via ManCo – reduced CIT Carry income taxable at the reduced corporate tax rate (on first €100,000 of profits)		20% (reduced rate)	18% (VVPRbis)	34.4%
4 Via ManCo – standard CIT Carry income taxable at the standard corporate tax rate		25% (standard rate)	18% (VVPRbis)	38.5%



Takeaway

Tax neutrality remains incomplete as the management company-route can still outperform direct 25% taxation

Conclusions — Belgium

A narrow regime with limited practical reach

A targeted response, rather than a comprehensive framework

- The **AIF-based perimeter** does not capture all economically comparable carried interest arrangements
- **Stock-option structures**: income linked to shares acquired by exercising options under the 1999 Act is expressly carved out
- **Company-held carry**: participation relief and onward VVPRbis dividends may remain available, subject to their respective conditions

Our practice

- We see **limited application** of the new regime: SOP and corporate structures frequently remain more attractive
- There is **no election** between tax regimes: the statutory carry regime applies whenever its conditions are met

Conclusions — Belgium

An important clarification — and recent litigation outcomes

A statutory safeguard worth preserving

- **In-scope carry retains its movable-income character** : Article 37 ITC 92 expressly excludes recharacterisation as professional income
- That protection is **neither universal nor retroactive**: earlier periods and out-of-scope arrangements remain governed by their applicable rules

Ghent Court of First Instance: consent judgments

- **4 March 2026, no. 21/2235/A**: agreement providing for relief from the disputed assessment; the administration cites adverse case law
- **13 May 2026, no. 22/2889/A**: agreed relief, expressly following earlier judgments which had become final

Conclusions — Belgium

De lege ferenda | Towards a coherent equity-incentive framework

Time for an integrated body of rules?

- **A broader, more flexible scope:** recognise the many legal forms of carry, including direct and pooled holdings and comparable incentives outside AIFs
- **Common principles across instruments:** stock options, warrants, employee profit participation, carried interest and employee / management equity ownership
- **Workable lifecycle rules:** valuation, acquisition cost, vesting, realisation, interim distributions and clawbacks — coordinated to prevent gaps and double taxation
- **Coherence without uniformity:** distinguish remuneration from investment returns; retain proportionate anti-abuse safeguards and predictable transitional rules

... Let's observe what regimes are foreseen in other jurisdictions...

International comparative study

1. United Kingdom

UK carry tax regime pre-April 2026

- ❖ UK tax regime used to be highly attractive, principally gains tax based regime with tax rate of **20%**
- ❖ **April 2016:** gains tax rate for carry increased to **28%** and other changes (eg base cost shift)
- ❖ **July 2024:** Labour government
- ❖ **April 2025:** gains tax rate for carry increased to **32%**

UK carry tax regime from April 2026

- ❖ All UK carried interest is taxed within the **income tax framework** and is treated as **trading profit**, without any possibility of being taxed as capital gains
- ❖ **Qualifying carried interest** - effective tax rate of approximately **34.1%**
- ❖ **Non-qualifying carried interest** – effective tax rate of approximately **47%**
- ❖ Qualification depends principally on the fund's **average holding period (AHP)**
- ❖ The reforms are more than a rate increase: they fundamentally change the character of carry from a gains-based regime to an income-based regime
- ❖ **Three-year 'tail'** also introduced

Practical Implications for Fund Managers

- ❖ Average holding period remains critically important: carry from funds with an AHP of **40 months+** is typically qualifying carry, with tapering between **36 and 40 months**
- ❖ Better outcomes for **private credit and lending strategies**
- ❖ The territorial scope has expanded, meaning **non-UK resident managers** may now be taxable by reference to UK investment management activity and UK workdays
- ❖ Increased compliance burdens
- ❖ Query how tax treaties will apply?

2. France

The French carried interest regime – The legal ‘Arthuis’ regime

- ❖ Prior to 2008, no specific legislative framework – only a 2002 administrative instruction without formal legal basis
- ❖ The **2008 Finance Act** (“Arthuis” amendment) introduced a statutory regime regarding carried interest in private equity funds
- ❖ **Binary approach:**
 - qualifying carried interest taxed as capital gains;
 - non-qualifying carried interest taxed as wages and salaries.
- ❖ The legal regime applies only to **French private equity investment funds/companies** (FCPR, FPCI, SCR) and **European venture capital entities** established in EU or EEA Member States
 - => Exclusion of UK, US and Swiss investment vehicles

Conditions and tax treatment of carried interest under the 'Arthuis' regime

❖ **Conditions relating to the beneficiary of the carried interest:**

- The beneficiary must be an employee or corporate officer of the investment entity, its management company or a related advisory services company at the date of subscription or acquisition;
- The beneficiary must receive “normal” remuneration for their role;
- The beneficiary must subscribe for the carried interest at fair value and in any event at no less than their nominal subscription value (whichever is higher).

❖ **Conditions relating to the shares:**

- **single class** of carried interest shares (as set out in the by-laws or the LPA);
- **minimum investment of 1%** (0.5% above €1bn) of the total commitments in the investment fund/entity – reduced to 0.25% for certain funds invested in SMEs and innovative companies;
- **five-year lock-up period:** no distribution may be made to the carried interest holders within five years of the formation of the fund or the issuance of the shares – and in any event, distributions may only be made after investors have received repayment of their contributions.

❖ **Qualifying carried interest:** taxation as capital gain – minimum combined tax and social contributions of 31.4%; up to 38.6% including surtaxes on high income.

❖ **Non-qualifying carried interest:** taxation and social security liability as salary

- progressive income tax (up to 45%) + 30% specific social contribution + surtax of 3-4% = **maximum effective rate of approximately 79%**

International aspects of the French carried interest regime

- ❖ Application to **European foreign structures** (especially limited partnerships) remains challenging although it is possible: where the carried interest does not consist of shares but rather takes the form of rights in the entity or rights to income distributions, it is difficult to meet the single-class condition
- ❖ Adaptation of the Arthuis' conditions for international situations:
 - the regime applies as regards foreign investment entities even where the carried interest does not take the form of shares but only of rights in the entity or to income distributions
 - Five-year lock-up condition **waived for non-resident** beneficiaries
- ❖ **Dual characterisation** (capital gains vs. salary) creates potential treaty qualification conflicts and double taxation risks
 - No formal guidance from the courts or the tax authorities on whether the underlying nature of carried interest as distinct from the applicable tax treatment) could affect treaty characterization
 - ⇒ which treaty article applies in cases of international mobility or where a carried interest holder has split activities across jurisdictions?
 - Exit tax may apply to carried interest upon transfer of tax residence from France

3. Italy

The Benefit: Italian Carried Interest Regime

- ❖ **The Benefit:** proceeds from shares, units, or financial instruments with enhanced equity rights distributed to fund employees/managers are classified as **capital income** or **miscellaneous financial income**
- ❖ **26% flat substitute tax** instead of progressive IRPEF rates (23%–43%, plus regional/municipal surcharges)
- ❖ **Not subject to social security contributions**
- ❖ **Scope:** employees/managers of the fund, the SGR, or related entities (OICR, SICAF, SICAV, advisory and target companies). Does **not** apply to external consultants
- ❖ **Purpose:** incentivize alignment of interests between managers and investors, recognizing that managers are also risk-bearing investors

Access Requirements: Three Cumulative Conditions

- ❖ **1. Subordination of distributions:** enhanced equity rights accrue only after all other investors have received their invested capital plus a minimum return (hurdle rate). Applies both during the life of the fund and upon exit (change of control). The actual **payment** (not just accrual) of the hurdle rate is required
- ❖ **2. Minimum holding period (5 years):** instruments must be held for at least 5 years (or until change of control / replacement of the manager). Holding period runs from each individual subscription date. Heirs can continue the holding period in case of death. Lock-up clause required
- ❖ **3. Minimum investment ($\geq 1\%$ of fund's total investment):** aggregate investment by all employees/managers must amount to at least 1% of the fund's total investment.
 - Both direct and indirect investments count
 - Threshold is dynamic, not static
- ❖ **However**, failure to meet this threshold does **NOT** automatically recharacterize the income as employment income. A **CASE-BY-CASE is allowed** to assess whether there is genuine alignment of interests and risk exposure
 - Can be addressed via self-assessment or through an **advance tax ruling** with the Italian Tax Authority

ITA Practice on the Minimum Investment Requirement

- ❖ **Key criterion:** the investment must be suitable — in terms of amount — to ensure alignment of interests between investors and management, along with genuine exposure to the risk of capital loss
- ❖ **Risk neutralization incompatible:** arrangements that neutralize the manager's risk exposure (e.g., guaranteed full repayment of invested capital) are incompatible with financial income treatment
- ❖ **Below 1% – still financial income:** even below the 1% threshold, proceeds may qualify as financial income where the amount invested is significant both in absolute terms and relative to the beneficiary's compensation level
- ❖ **Retained shares subject to hurdle rate:** confirmed financial qualification even below 1% based on the size of the outlay and the fact that good-leaver managers retained shares subject to the hurdle rate
- ❖ **No refund rights:** in the absence of statutory conditions, it is relevant that the investment plan does not allow managers to obtain even a partial refund and that managers retain equity even upon termination

⇒ **The minimum investment requirement is the only condition that can be the subject of an advance ruling.**

4. Luxembourg

Luxembourg Carried Interest



1.
Provide clarity and
security of tax treatment

2.
Attract and retain front office
functions in Luxembourg



Tax year
2026

Luxembourg Carried Interest



Types of regime and taxation | Two distinct regimes:

Contractual carried interest regime – So called « simple » carried interest arrangement.

- Covers carried interest acquired for free and **without any requirement to hold a participation in the AIF** (though such investment is permitted);
- Remuneration can be paid (directly or indirectly) by the AIF once the hurdle rate is achieved;
- No requirement for investors to be refunded for their investments before carried interest is paid, thereby allowing for “**deal by deal**” carry models;
- Taxation as capital gains at a specific rate of **1/4 of the global tax rate** (i.e., should not exceed 11,45% for 2026).

Participation-linked carried interest

- Covers carried interest **mandatorily linked to a direct or indirect participation in the AIF or represented by such participation** - This type of carried interest comprises :
 - (i) The contractual carried interest that is contingent on the acquisition of a participation in the AIF (i.e., carried interest granted for free while ordinary participation in the AIF acquired for consideration); and
 - (ii) The so-called “carried invest” represented by a participation (direct or indirect) in the AIF (i.e., carried interest acquired for consideration through an investment via a vehicle).
- **Full exemption of the carried interest** if the participation in the AIF is held for more than 6 months and such participation does not exceed 10%;
- The **legal form in the fund (opaque or transparent)** is irrelevant for the qualification of the remuneration. Hence, always taxed under the ordinary capital gains rules;
- Regime will apply only to the portion of remuneration corresponding to carried interest, and not to returns received as an investor in the AIF.

Luxembourg Carried Interest



Beneficiaries

- Regime applies to all individuals **involved in the management of an AIF irrespective of their professional status** and include among others:
 - Employees of fund managers;
 - Employees of other entities (e.g. investment advisory company);
 - Certain non-employees such as board members or consultants;
- Individuals performing pure administrative functions should fall outside the scope.



Types of funds

- The regime applies to carried interest derived from both domestic and foreign AIFs.



Other points of attention

- New regime **should remove the risk of qualification as professional/employment income** with payroll obligations subject to economic reality and application of anti abuse rules;
- Flexibility to structure payment (e.g. by AIF, AIFM or via the GP);
- The temporary regime introduced by the AIFM Law of 12 July 2013 was repealed. Individuals benefiting from the temporary regime now benefit from one of the two current regimes (contractual carried or participation linked carried interest) which offers equivalent— if not enhanced — tax advantages and are applicable to them automatically.

Q&A

