

Scenario 1: net taxable professional income is higher than the "minimum floor"	
Assumptions	
Sum of sales invoices	€ 10,000
Cost of goods sold (incl. any inventory fluctuation)	€ 7,000
Benefits in kind	€ 400
Total amount of (regular) business expenses (thus, excluding disallowed items)	€ 500
P.M. "minimum floor" of 0.65% on turnover applies (i.e. income year 2016, tax year 2017)	€ 65
Personal Income Tax	
Gross profit stemming from actual operations (code 1600)	€ 3,400
Comparison between the aforesaid gross margin stemming from actual operations vs. the lump sum gross margin of 2.1% on turnover	€ 3,400 [i.e. € 10,000 – € 7,000 + € 400] vs. € 610 [i.e. (2.1% on € 10,000) + € 400]
Following the tax fiction, the gross profit is further lowered <i>in fiscalibus</i> with an amount of € 2,790. Indeed, the diamond trader/individual is allowed to report € 610 in his/her personal income tax return form under the code 1600	€ 610 [i.e. € 3,400 – € 2,790]
Regular deductible business expenses (code 1606)	– € 500
Net taxable professional income with application of the Diamond Regime (i.e. the code 1600 minus the code 1606)	€ 610 – € 500 = € 110 (x the progressive tax rate(s) in the Belgian personal income tax regime)

The "minimum floor" does not apply since the net taxable professional income stemming from diamond trading activities (i.e. € 110) is higher than 0.65% on turnover (i.e. € 65).

Scenario 2: net taxable professional income is lower than the "minimum floor"	
Assumptions	
Sum of sales invoices	€ 10,000
Cost of goods sold (incl. any inventory fluctuation)	€ 7,000
Benefits in kind	€ 400
Total amount of (regular) business expenses (thus, excluding disallowed items)	€ 1,000
P.M. "minimum floor" of 0.65% on turnover applies (i.e. income year 2016, tax year 2017)	€ 65
Personal Income Tax	
Gross profit stemming from actual operations (code 1600)	€ 3,400
Comparison between the aforesaid gross margin stemming from actual operations vs. the lump sum gross margin of 2.1% on turnover	€ 3,400 [i.e. € 10,000 – € 7,000 + € 400] vs. € 610 [i.e. (2.1% on € 10,000) + € 400]
Following the tax fiction, the gross profit is further lowered <i>in fiscalibus</i> with an amount of € 2,790. Indeed, the diamond trader/individual is allowed to report € 610 in his/her personal income tax return form under the code 1600	€ 610 [i.e. € 3,400 – € 2,790]
Regular deductible business expenses (code 1606). However, see also <i>infra</i> .	– € 1,000
Net taxable professional income in principle (i.e. the code 1600 minus the code 1606)	€ 610 – € 1,000 = – € 390
<i>However</i>	
"Minimum floor" of 0.65% on turnover amounting to € 10,000	€ 65
To arrive at this end result, one needs to adjust the code 1606 by taking into account a(n) (additional) 'disallowed item' amounting to € 455	€ 65 [i.e. € 620 – € 545] (x the progressive tax rate(s) in the Belgian personal income tax regime)
Net taxable professional income with application of the Diamond Regime	

This second hypothetical example illustrates that *in casu* the "minimum floor"-clause (i.e. 0.65% on a turnover amounting to € 10,000 = € 65) comes into play and as such replaces the calculated lower (negative) amount of net professional income stemming from diamond trade. This is realized through a further reduction of the regular deductible business expenses to be reported under the code 1606 with an amount of € 455. Worded differently, the personal income tax return will evidence that *in casu* the net taxable professional income stemming from diamond trading amounts to € 65, i.e. € 610 (to be reported under the code 1600) – € 545 (to be reported under the code 1606).

Scenario 3: net taxable professional income (incl. processing costs) is higher than the "minimum floor"	
Assumptions	
Sum of sales invoices	€ 10,000
Cost of goods sold (incl. any inventory fluctuation)	€ 7,000
Benefits in kind	€ 400
Total amount of business expenses, i.e. € 1,000 of processing costs and € 200 of regular (read: tax deductible) business expenses	€ 1,200
P.M. "minimum floor" of 0.65% on turnover applies (i.e. income year 2016, tax year 2017)	€ 65