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**Belgium – Social Security
Regime Regarding Certain
Bonus Plans Modified**

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Belgium's social security regime with respect to "collective non-recurrent results-linked bonuses" has been modified as from January 1, 2013. The bonus system, however, remains attractive from the tax and social security perspectives, allowing employers to grant bonuses at limited cost.

Collective Bonus Exempt from Tax and Ordinary Social Security Contributions

Since January 2008, a "collective non-recurrent results-linked bonus" system has allowed employers to grant their employees a bonus payment under the terms of favorable tax and social security rules (see [Flash International Executive Alert 2008-05](#) (8 January 2008) for the conditions to be met and the procedures for implementing a collective non-recurrent results-linked bonus plan).

Until the end of 2012, employees receiving such bonus payments were exempt from tax and social security contributions up to a ceiling of EUR 2,430 (maximum amount applicable for 2012). The employer had to pay a 33-percent social security contribution.

Social Security: New Ceiling and New Personal Contribution Apply as from January 1, 2013

The social security regime was modified by a Law of December 27, 2012¹.

- The ceiling for social security purposes has been increased to EUR 3,100, while the ceiling applicable for the tax exemption has not been modified. It is however subject to annual indexation and amounts to EUR 2,488 for 2013;
- A personal social contribution of 13.07 percent is due on bonuses paid as from January 1, 2013.

The coexistence of two different ceilings for tax and for social security purposes makes the bonus regime more complex. Discussions are still ongoing within government on the question of whether to align the tax ceiling with the new, higher, social security ceiling.

The example shown in the table on the next page illustrates in basic terms the impact of the recent changes in situations where the employer decides to grant a bonus corresponding to the maximum amount allowed for social security purposes and where the bonus granted corresponds to the maximum amount allowed for tax purposes.

	Bonus = social ceiling EUR	Bonus = tax ceiling EUR
Cost for the employer		
(gross amount + 33%)	4,123.00	3,806.76
Gross amount	3,100.00	2,862.07
Personal contribution	405.17	374.07
Bonus (after personal contr.)	2,694.83	2,488.00
Taxable amount	206.83	/
Wage withholding tax (53,5%)	110.65	/
Netto amount	2,584.18	2,488.00

Footnote:

1 *Loi-programme du 27 décembre 2012* published in the Belgian official gazette (*Moniteur Belge/Belgisch Staatsblad*) of December 31, 2012. See:
<http://staatsbladclip.zita.be/moniteur/lois/2012/12/31/loi-2012021152.html> .

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