



TAX & EMPLOYER SERVICES

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING



Belgian employment legislation as well as individual income tax in Belgium is rapidly changing and becoming more complex while employment is happening on a much more global scale than before. Combined with the strict interpretation of the rules by the authorities, not only in Belgium but in the entire world, it can only be concluded that expert advice is an absolute requirement to be able to navigate the legislative maze. Our Tax & Employer services specialists strive to collaborate with you to optimize the cost of employment for companies while at the same time ensuring the highest possible net result for the individual, be it as independent or as employee. Considering the ever increasing administrative burden of employing personnel in Belgium, our Tax & Employer Services business line has a special focus on managing this process together with our clients.

1. Immigration Formalities

Immigration plays a vital role in today's global business environment. RSM provides specialist immigration advice to a wide range of clients and aids in the compliance requirements of its clients. Based on your business needs, we will determine which solution is best in your specific case. RSM provides a hands-on approach to ensure your business can transfer the necessary employees to Belgium within the shortest possible timeframe.

2. RSM InterPay – Payroll Management and Coordination

After the development of a remuneration policy comes the actual implementation in the monthly payroll of your employees. Considering the ever more complex nature of Belgian legislation and the various requirements imposed on employers in Belgium, RSM has developed a specific approach to managing the payroll process together with our clients.

RSM can handle your payroll from A to Z as if RSM was your internal HR department. If necessary, this assistance can be much more intensive than the service offered by regular payroll providers. Such intense guidance is ideal for companies with limited HR resources in Belgium or with limited knowledge of Belgian legislation.

RSM ensures legal compliance through the knowledge of our specialists in Belgian payroll matters with the aid of our tax specialists. RSM collects the payroll instructions in the format desired by you as employer, translates these

instructions towards the payroll software, verifies the output of the software for internal and external compliance and sends the payslips together with the payment instructions. Payslips can be provided directly to the employees.

If desired, we can inform the employee about his payroll in Dutch, French or English.

RSM also closely monitors all legislative changes which will have an impact on the payroll, informs the employer if required and provides the necessary advice for implementation of the changes in the payroll.

3. Tax Formalities

Working in Belgium entails compliance with various formalities. These formalities are mostly legal requirements such as the filing of an annual personal income tax declaration but sometimes fulfilling a formality gives access to a more advantageous tax treatment, such as the special tax regime for foreign executives and specialists.

The specialists at RSM are aware of these formalities and can provide advice and also ensure the practical compliance aspects are dealt with.

4. HR, Social and Labor Matters

The RSM specialists have practical experience in Belgian employment law. Within the team, the combination of labour law and tax law knowledge will ensure that the solution offered by RSM has the highest possible value for your organization.

We can guide you with respect to the various labour law requirements and aid you in drafting company policies, work regulations and labour agreements.

5. Social Security

Working in a cross-border context does not only have potential tax consequences but also has an important social security aspect. Social security has an impact on some of the most important concerns of your employees such as pension, disability and sickness coverage.

Within Europe, the guiding principle is that persons to whom the EU-Regulations apply are subject to the legislation of a single member state only. Usually, the legislation of the member state where the activity is carried out applies ("lex loci laboris"). As many deviations to this general rule exist, our specialists can offer guidance. In addition, we can aid with certain compliance matters such as the A1 certificate or certificate of coverage.

6. Tax Advice

The legislative landscape of Belgium being so complex also offers saving potentials. Together with the international treaties which bind countries, our specialists can offer guidance on a wide range of remuneration techniques and salary structures. This can go from concept to implementation of a salary split over costs proper to the employer to non-recurring result-tied bonus plans to R&D withholding tax exemption and equity incentives.

7. Special Tax Regime for Foreign Executives and Specialists

The Belgian Tax Administration grants special tax concessions to non-Belgian executives and specially skilled employees who, temporarily, have been assigned to exercise an activity in Belgium.

This set of concessions is called the Special Tax Regime.

The Special Tax Regime has been created by the Belgian government in order to attract foreign multinational companies and research and development centers for purposes of stimulation of the economic growth and creation of new job opportunities.

The advantages of the special tax regime are tax-free allowances of up to EUR 11,250 per year (EUR 29,750 in some cases), exemption of all foreign business trips from personal income tax in Belgium and treatment as a Belgian tax non-resident, even though you are living in Belgium.

RSM can provide guidance with the request of the special tax regime and also ensure timely filing of the request itself with the Belgian tax authorities.

8. Personal Income Tax Declaration

The 6th state reform and the associated regionalization of taxes has further complicated already complex Belgian tax rules.

Belgian legislation foresees an annual requirement to complete a personal income tax declaration form, both as Belgian tax

resident and non-resident. This annual tax declaration compares the withholding tax withheld through payroll with the actual personal income tax rates and determines whether an individual can recover money from the authorities or needs to pay in addition to what was already withheld.

RSM can provide assistance to both private persons and companies to ease the burden related to the annual filing of the tax declaration form. Our assistance is highly tailored to your needs and ranges from an in-company presentation on Belgian personal income tax, work shops on specific topics, preparation of the entire tax declaration or face to face meetings to discuss any questions.

9. Costs Proper to the Employer

One of the essential obligations of an employer is to put the required aid, tools and materials for the execution of the work at disposal of its employees.

Amounts which are a reimbursement of costs to be taken at charge by the employer are excluded from the concept of remuneration. It only concerns costs at charge of the employer resulting from the execution of the labour agreement. The employer should be able to demonstrate based on evidence that the cost reimbursements correspond with reality.

RSM can guide you with the determination of the proper amount of costs proper to the employer and guide you with tax ruling requests, building of a support file and the implementation of these cost reimbursements in the policy of your company.

10. Salary Split

In today's global world, many employees are working in cross-border situations.

The tax and social security consequences of employment in more than two countries can be significant. Personal income tax can be due in more than one country, corporate tax consequences can arise. It should also be determined in what country social security is due. Various formalities should be fulfilled and a proper payroll implementation is an absolute requirement.

Together with RSM offices in other countries, RSM can help you structure the salary split, ensure legal compliance and take care of a correct practical implementation.

11. Non-recurring Result-tied Bonus Plan

Non-recurring result-tied advantages are advantages linked to collective achievements by the company, a group of companies or a well-defined group of employees, based on objective criteria.

These advantages depend on the realization of clearly defined, transparent, definable/measurable and verifiable objectives, which are uncertain at the implementation of the bonusplan.

These advantages are exempt from personal income tax and are only subject to a solidarity contribution of 13,07% by the employee and 33% by the employer.

Our specialists can assist you with the practical implementation of this type of bonusplan.

12. R&D Withholding Tax Exemption

Belgium has the objective to dedicate an important part of the GDP to research and development. Considering the important role of companies in this respect, several fiscal measures exist to stimulate R&D.

One of these measures is the R&D withholding tax exemption, which foresees that a company is exempt from transferring up to 80% of the withholding tax withheld from the employees' salaries to the Belgian tax authorities.

Certain requirements are imposed both on the companies and the employees.

RSM can offer guidance in obtaining this significant benefit and implementing it in your company.

13. Equity Incentives

Over the years, companies have been trying to reward high-performing employees and bind them to the company through various incentives.

Belgium has advantageous tax regimes for equity-based remuneration such as stock options and restricted stock units. Several Belgian banks are offering products which take advantage of these advantageous tax regimes.

Specifically for stock options, Belgium's specific legislation foresees in many cases a lump sum taxation at the moment of grant which is directly opposite the position of other countries, which tax stock options at the moment of exercise.

Our specialists can analyse the equity plans specific to your company, guide with the drafting of these plans and ensure tax compliance.

14. General optimization

Belgium is one of the highest taxed countries in the world. However, our complex legislation allows for various possibilities to optimize the net to cost ratio of your remuneration.

In addition, it is also of the highest importance that a correct choice is made between working as employee, self-employed consultant, company director or through a management company.

Also, before proceeding with important investments, it is recommendable to obtain good advice from an experienced specialist.

The consequences of a wrong choice or a good choice can be extremely significant.



For further information regarding the services offered by our Tax & Employer Services business line, please contact **Kenny Ransquin**

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