

Corona: social security measures taken for self-employed

RSM BELGIUM INFORMS YOU

Following the measures taken by the Belgian government regarding the spread of the coronavirus, you, as self-employed person, may have a number of questions regarding your own personal situation.

In view of the spread of the coronavirus and the economical consequences hereof, the Belgian social security authorities have taken several measures regarding the social security contributions for self-employed persons. With this newsletter, we would like to inform you about what these measures are and how these can be applied for.

For more information or in case someone would like to benefit from (one of) the measures, we kindly suggest to contact the social insurance fund which can provide guidance on which formalities should be taken care of in this regard.

Please find below an overview of the measures taken for self-employed individuals.

SOCIAL SECURITY CONTRIBUTIONS FOR SELF-EMPLOYED

1. Delay of payment of the social security contributions


In case there is a demonstrable link with the coronavirus, the self-employed individual could request for a delay of payment of the social security contributions for the first and second quarter of 2020:

- The social security contributions for the first quarter of 2020 should then be paid by March 31st, 2021 at the latest.
- The social security contributions for the second quarter of 2020 should then be paid by June 30th, 2021 at the latest.

In order to obtain this delay of payment, a motivated request should be filed with the social insurance fund the self-employed individual is affiliated with and this no later than June 15th, 2020. Please note however that it is not possible to file such a request for social security contributions which have already been paid. Social security contributions relating to the first quarter of 2020 which in fact have already been paid, will not be reimbursed to the self-employed individual.

In the meantime, no increases, penalties or other charges due to late payment will be levied on social security contributions which normally need to be paid before March 31st, 2020, but are in fact not paid in due time. This is an automatic measure, meaning that no action is required from the self-employed individual's side in order to obtain this measure.

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Please be informed that in case the social security contributions for these quarters are only paid in 2021, following the delay, the premiums for an additional pension for self-employed persons the individual may have paid in 2020, will not be tax deductible in his or her 2020 personal income tax declaration. This can be avoided by paying the security contributions for the first two quarters of 2020 in any case before the end of 2020. In this case, the premiums will be tax deductible in the personal income tax declaration anyway.

We recommend that every self-employed individual considers carefully whether or not to apply for the delay of payment. As it is impossible to predict how long the corona crisis will go on, it may be opportune to obtain a payment delay. It is however advisable to contact an accountant or consultant who will make sure that the self-employed person can make an informed decision.

2. Reduction of the provisional social security contributions

Self-employed individuals who experience difficulties following the coronavirus, can request for a reduction of the provisional social security contributions for 2020, if their professional income would be lower than the legal threshold. In order to obtain this measure, also a request should be made with the social insurance fund the individual concerned is affiliated with.

Please be informed that, in case the final income would be higher than the threshold chosen for the provisional social security contributions, increases will still be due afterwards. This could be avoided by making an additional payment of contributions before the end of this year. Therefore, we advise self-employed individuals to follow up with their social insurance fund on a regular basis throughout the year to verify whether sufficient social security contributions are still being paid for the (estimated) income they will earn.

3. Exemption of the social security contributions

Finally, self-employed persons who have payment difficulties could apply for an exemption of social security contributions for the first two quarters of 2020. This exemption can be requested for both the provisional social security contributions and the supplement which may be due during this period upon settlement of the social security contributions. For the application of this measure, a request should be made as well with the social insurance fund. Please note that it is not possible to file such a request for the future. This means that the self-employed individual should await the payment request related to the second quarter of 2020 until he can apply for the exemption for that quarter. Therefore, in case the self-employed individual would like to file such a request for both quarters, it is advisable to wait until next quarter and file the request upon receipt of the payment request for the second quarter of 2020.

Please be informed that in case this measure is applied for by the self-employed individual, no pension rights will be accrued for this period. This means that this period will not be taken into account for the pension calculation. It is however possible to regularize this situation afterwards and to pay an additional premium then to make sure that his period is taken into account for the pension calculation anyway.

In addition to the fact that no pension rights are accrued for this period, the premiums for an additional pension for self-employed persons the individual may have paid in 2020, will not be tax deductible in his or her 2020 personal income tax declaration.

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REPLACEMENT INCOME FOR SELF-EMPLOYED – BRIDGING ALLOWANCE

In case self-employed persons need to suspend their activities due to the corona crisis, it is possible under certain conditions to obtain a replacement income, *i.e.* the so-called bridging allowance, which is similar to the temporary unemployment benefits to which employees could be entitled to. Following measures taken by the Belgian authorities in view of the spread of the corona virus, the system of the bridging allowance has been expanded to make sure that many individuals can receive the necessary support during this period of crisis. Please note that the bridging allowance cannot be obtained in case the self-employed individual would be entitled to another type of replacement income for the same period, such as incapacity benefits due to illness.

This bridging allowance can be requested with the social insurance fund through the appropriate forms. Under the system of the bridging allowance, a distinction should be made between 2 groups of self-employed persons:

- 1) The self-employed person who is obliged to suspend his or her activities (fully or partially) following the Belgian government measures: *e.g.* restaurant holders, hairdresser's, owners of non-essential or non-food stores, ...
- 2) The self-employed person who carries out activities which should not be suspended as per government measures, but who experience difficulties due to the corona virus and decide to suspend their activities voluntarily. Healthcare providers, such as physiotherapists or dentists, fall under this category as well in case they have suspended their non-urgent interventions. The fact that they would still carry out urgent interventions does not impact their right to a bridging allowance.

For the first group of self-employed individuals, there is no requirement foreseen with respect to the minimal number of days of interruption of the activities. In case they are obliged to interrupt their activities due to the government measures, they are entitled to a bridging allowance in any case. They thus receive a replacement income for March and April 2020 which amounts to:


- 1.291,69 EUR per month for persons without dependents;
- 1.614,10 EUR per month for persons with dependents.

For the second group of self-employed individuals, there is foreseen in a requirement of minimal 7 subsequent calendar days during which the activities should be interrupted. This means that these self-employed individuals should suspend their activities for at least 7 subsequent calendar days during the month in order to be eligible for the bridging allowance. As soon as this condition has been fulfilled, they also receive a replacement income for March and April 2020 as mentioned here above.

Please note that the system of the bridging allowance may also be open for company directors, in case they interrupt their activities. Within this framework, the Belgian government has confirmed that potential salary or remuneration paid out to the company director through the monthly payroll, will not be taken into account when determining the right to a bridging allowance. It is merely required that the company directors interrupt their activities during this period for a reason due to the spread of the corona virus. It may however be more transparant to suspend also the payment of the salary to the company director for as long as the company director interrupts his or her activities and he or she would be entitled to a bridging allowance during the same period.

The above mentioned system of bridging allowance is open for self-employed persons in secondary occupation on the condition that they pay provisional social security contributions which at least amount to the minimum contributions for self-employed who carry out activities in their main profession.

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Please note that the above mentioned measures are a general overview. For the application of (one of) these measures, the individual should contact the social insurance fund he or she is affiliated with, as they will be able to provide guidance on which formalities should be taken care of in order to benefit from the measures taken in this regard.

If you would like to receive additional information on this matter or assistance, also the Tax team of RSM Belgium is at your disposal (intertax@rsmbelgium.be).

RSM InterTax

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