

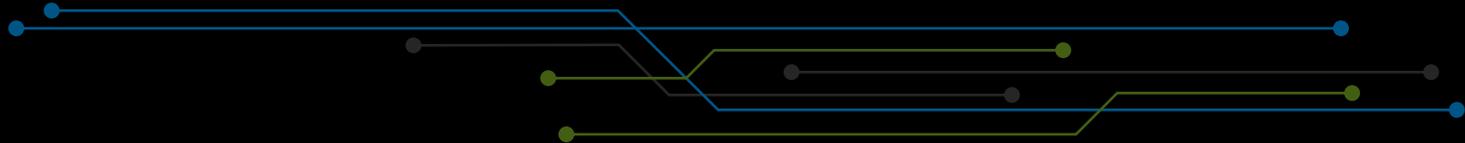
Deloitte.

Payroll Incentives Employment Cost

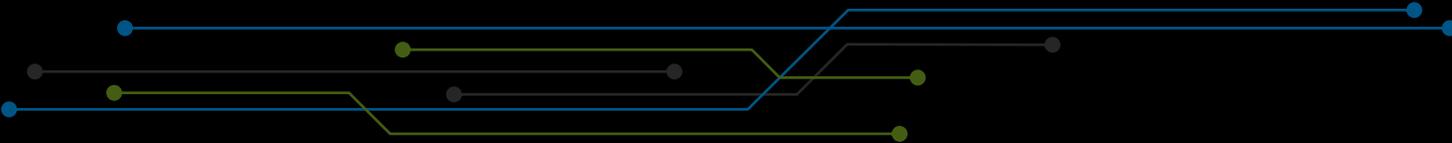
Global Employer Services



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IMPACT THAT
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Government schemes to reduce employment cost



Main characteristics

Different schemes regarding Social Security and Withholding Taxes



Government schemes:

- Belgium's Federal and 3 regional Governments (Brussels, Flanders and Wallonia) have taken various actions to reduce employment costs for specific employee populations and employment sectors.



Employment cost:

- Each scheme has been specifically designed and implemented to reduce employer costs.



Payroll:

- Claiming the actual benefit needs to be done through the payroll process, either by reducing social security contributions payment or by partially transferring the amount of withholding taxes deducted from the salary.

Available benefits

Social Security reductions



Structural reduction

- To compensate high social charges
- Amount depends on employee category, work performance and quarterly salary



Target group reductions

- First hires
- Young employees with basic to medium education
- Collective reduction working time
- Old employees
- Horeca
- Tutors
- Long-term unemployed employees
- Redundant employees as result of a restructuring

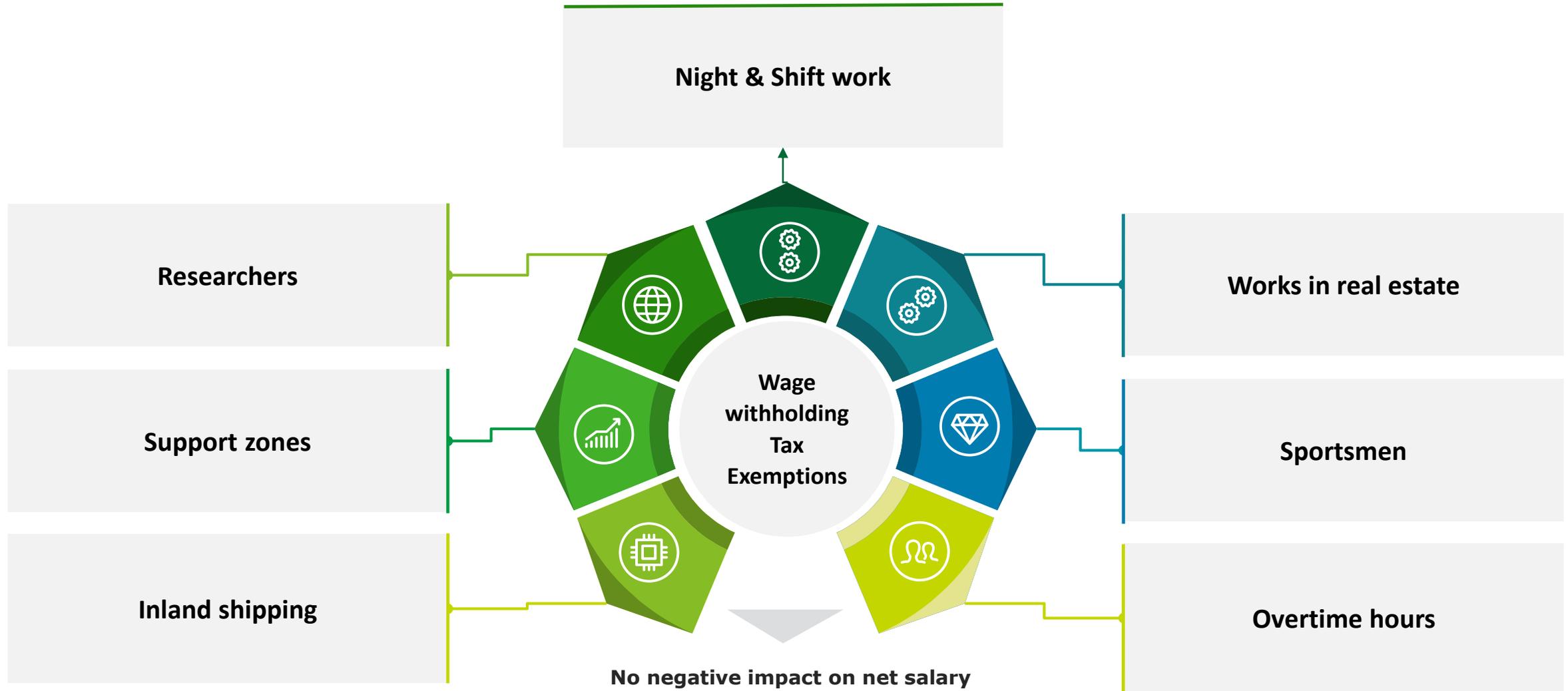


Attention points

- Structural reduction can be combined with max. 1 target group
- Differences between profit & social profit
- No impact on net salary
- Each region (Flanders / Brussels / Wallonia) has its own regulation

Available benefits

Wage withholding Tax Exemptions



Lessons learnt

Increased **focus and audits** by authorities: set-up of new withholding tax CoE

Companies do not benefit from all available savings or have **incorrectly configured** their systems



Increased focus and audit

- The Tax Authorities did not have a dedicated team to monitor withholding tax compliance. Sporadic audits occurred based on the tax inspector's initiative. This recently changed with the creation of a dedicated CoE, with more specific and dedicated audits that will be launched.



Incorrect implementation

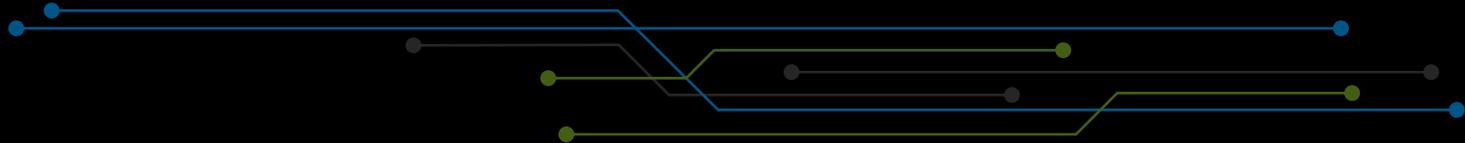
- Due to the regulations' complex setup, various companies have incorrectly interpreted the requirements or have incorrectly configured the different systems to gather and align data.



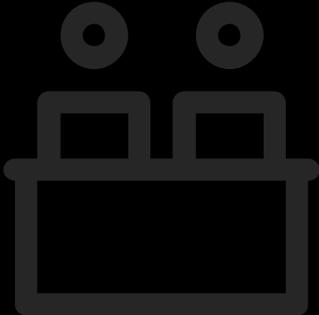
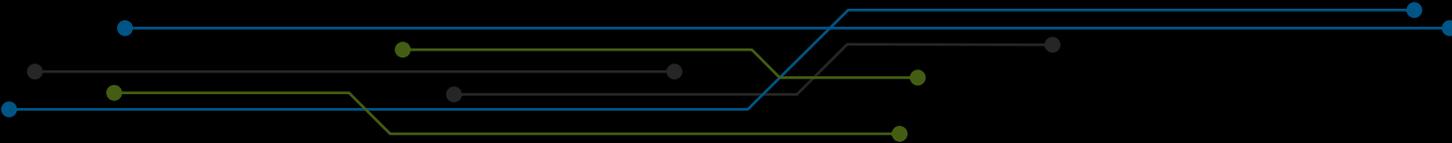
Not gaining full benefit:

- None of the available schemes are available automatically through payroll. All require specific actions and processes to benefit from the reduced employment cost. Many companies have not looked at all possible schemes or have assumed that these would run automatically through the payroll agency.





Our offering



Our team

Dedicated team of consultants, embedded in broader group



Dedicated team

- We have a team dedicated to this topic, making sure we can bring the best subject matter knowledge and stay on top of the evolution, both in legislation and technology. The team not only includes consultants in the field of social security and withholding taxes, but also includes technology consultants to perform the (big)data analysis and make sure we can process larger volumes of data in the most efficient way.



Broader group of consultants

- At all times, the dedicated team can and will be able to call upon the specialized knowledge of other colleagues (e.g. labour law).



ADU	1.022	12.000.000
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Our services

We advise companies in making sure they are compliant and provide advice in order for them to benefit from the measures they are entitled to, within the boundaries of the law



- A first analysis is made to identify potential employment cost saving measures and identify running processes which might require confirmation on conditions applied.
- We have dedicated checklists which allow us to determine where to first direct our focus.
- In case of an audit, we prioritize specific questions raised by the authorities.



- We gather the required information to start the analysis.
- Given the different measures in place, we created a dedicated methodology based on various sources of data and tools to allow the completion of (big) data analytics.
- We define possible benefits, required processes and, where needed, define if an agreement (ruling) would be required.
- We present a final report with our findings and next steps.



- Once the report has been approved by the client, we will proceed with its application.
- Different scenarios are possible, depending on the company's needs or capabilities. This can be an update that we handle in the Social Security portal, or specific instructions we provide to the payroll agency towards withholding tax payments.
- When applicable, we can equally handle retroactive applications.



- We will also work with the company's HR department and Payroll team to allow knowledge transfer.
- We will work to establish a long term structure to make sure that the process keeps running correctly going forward.

Our focus

Certainly not one size fits all



Social security reductions

- The vast majority of social security reductions can be verified and claimed through a fixed protocol. An employee verification would first be done through ECARO, to then verify and claim through DIMONA. Because of the fixed protocol and process, we can look at the population involved and the possible retroactive periods to assess total effort required.



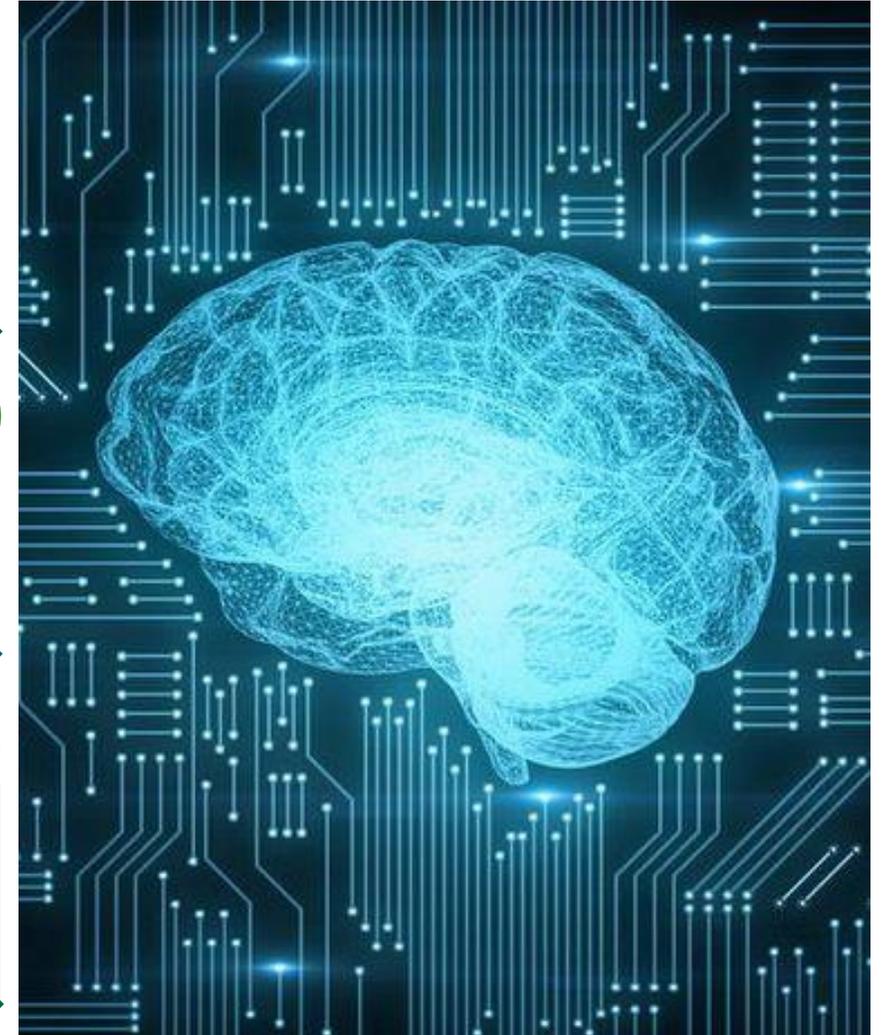
Withholding tax exemptions

- Each of the different schemes require a very different approach, with some having very complex criteria, depending on different sources.



Reacting to audit

- When being audited, very specific attention and focus will need to be given to the topic covered by the audit. Efforts will depend on the topic and population involved.



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