



## Global Employer Services COVID-19 | Individual tax

### COVID-19 wage withholding tax incentive and other tax measures published

The law regarding various tax measures in response to COVID-19 (corona-III) was approved by Parliament and published in the Official State Journal on 23 July 2020 ([Dutch](#) | [French](#)).

As mentioned in our [previous tax alert](#), this law provides for the following tax measures that are relevant for employers and individual taxpayers to support the post-COVID-19 recovery of companies, individuals and the economy as a whole:

- An **exemption to remit wage withholding taxes** to support the re-activation of workers on temporary unemployment.

The tax incentive equals 50% of the difference between the wage withholding taxes paid in May 2020 and the wage withholding taxes paid respectively in June, July and August 2020.

Interestingly, the proposed amendments to the initial draft law, aiming to restrict the scope of application of the measure, were ultimately not retained in the final adopted text. Therefore, any employer having used the temporary unemployment measure for an uninterrupted period of at least 30 days in the period between 12 March 2020 and 31 May 2020 can benefit from this new incentive. The employer must however refrain from reducing the

company's capital or distributing dividends during the period from 12 March 2020 until 31 December 2020 and cannot participate directly in a company established in a tax haven or make payment(s) to such a company of minimum EUR 100,000 during the same period (unless such payments can be justified based on legitimate financial or economic needs)

Please consult [this brochure](#) for further details concerning this measure aimed at decreasing salary costs for employers whose activities were negatively impacted by the COVID situation.

- The **consumption voucher** granted in application of the new article 19quinquies of the Royal Decree of 28 November 1969 ([Dutch](#) | [French](#)) is exempt from income tax. The conditions defined in the Royal Decree apply to both social security and tax exemptions.
- The **tolerance for child care** tax credit regarding expenses which do not correspond to an effective day of child care has been **extended to 31 December 2020**.

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## Contacts

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