

Individual tax alert

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Battle against fraud – Belgian inspection authorities increase their focus on international mobility

In line with Belgian legislation, employers of third country nationals are obliged to obtain a valid work authorisation, to submit a Limosa or Dimona declaration and must make sure that each foreign (non-EU) employee is in the possession of a valid residence title during the entire employment period in Belgium. Moreover, since last year, companies who rely on (sub-) contractors to provide services have certain obligations towards the foreign employees of their (sub-) contractors.

In view of their battle against tax fraud, the authorities are increasing their focus on compliance with this legislation during their inspections. In case of non-compliance, the employer can be sanctioned with (amongst others) payment of salary due, repatriation costs, criminal and administrative sanctions and, in severe cases, prison sentences as well as an “operating” ban for the company.

Furthermore, in the event of prohibited hiring out of employees, criminal and/or administrative sanctions may be imposed. Triangular employment relationships, i.e. when an employer hires out (or posts) an employee to another company (the ‘user company’), are strictly regulated. According to Belgian legislation, the hiring out of employees with a ‘transfer of a part of the employer’s authority’ is in principle prohibited (The newsflash “**New measures against secondment fraud**” published by the law firm Laga provides background information).

Due to the increased attention given to these topics by the different Belgian inspection services, it is crucial for companies to be aware of this new development.

Deloitte Belgium’s immigration and social security team (IMSS) is able to assist in making sure that companies remain compliant with all relevant immigration and social security rules. The team is readily available to provide more detailed information.

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