



Individual tax alert

Belgium

Bilateral social security agreements – 5 year threshold close to expiration



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The bilateral social security agreements between **Belgium** and **Bosnia-Herzegovina, Macedonia, South-Korea** and **Uruguay**, all implemented between June and August 2009, allow employees temporarily seconded to Belgium by their employer located in one of the aforementioned countries to maintain their home country social security coverage and be exempt from the Belgian social security system during their assignment. This entails a substantial cost benefit for the foreign employer.

This possibility of “secondment” is in practice foreseen in the bilateral agreements for a period of maximum 5 years, meaning that the first 5-year period expires between June and August 2014 (depending on the bilateral agreement). After this 5 year period, the agreements anticipate that the host country's local social security legislation becomes applicable, resulting in the transfer of the employee's coverage to the local (Belgian) social security system.

However, the Belgian social security administration has confirmed that the 5-year period can be exceptionally extended on an individual basis if a prior agreement between both countries' social security administrations has been obtained. According to the Belgian social security administration, an exceptional extension of six months or one additional year (depending on the bilateral agreement) can be requested in the following situations:

- In case a seconded employee will need to finalise duties in the host country;
- If the seconded employee is approaching retirement age;
- If an extensive restructuring within the company were to take place, changing/extending the task for which the employee was seconded.

It should be noted that the Belgian social security administration is willing to grant an exceptional extension under the strict condition that the employee will no longer work in the host country's territory after the additional extension period. If the seconded employee continues working in the host country after the extended period, his/her coverage will in principle be retroactively transferred to the host country's social security legislation as of the exceptional extension's start date.

The social security authorities in Bosnia-Herzegovina, Macedonia, South-Korea and Uruguay have in fact not yet shared their view on the exceptional extension possibilities.

If none of the three grounds for extension apply and should the employee continue to work in the host country beyond the 5 year seconded period, other options are available to mitigate the considerable social security burden of the Belgian social security scheme for employees. However, these options will only apply in a limited number of individual cases.

Deloitte Belgium's immigration and social security services team is readily available to provide more detailed information.

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