



Global Employer Services COVID- 19 | Individual tax

COVID-19 wage tax incentive: useful clarifications in new administrative FAQ

To support employment in sectors heavily affected by the COVID-19 pandemic, the law of 15 July 2020 introduced a new wage cost mitigation measure applicable for June, July and August 2020, provided that the employers concerned implemented temporary unemployment for an uninterrupted period of at least 30 days between 12 March 2020 and 31 May 2020.

The support measure consists of a salary cost reduction exercised through a temporary exemption from withholding tax. Eligible employers can retain 50% of the difference between (i) the total wage tax for June, July and August 2020 respectively, and (ii) the total wage tax for May 2020. More information is available in the [23 October alert](#).

The Belgian Tax Authorities issued a new guidance note in FAQ format ([Dutch](#) | [French](#)), which includes useful details on the following aspects (among others):

- Clarification of the “employers who implemented temporary unemployment” and the “uninterrupted period of at least 30 calendar days” concepts, with several illustrative examples explaining how to interpret these conditions (FAQ 2 and 4);
- Specific rules for temporary workers and temporary work agencies (FAQ 5);

- Detailed information about eligible remuneration components to calculate the support measure (FAQ 7);
- Overview of processing methods for monthly and quarterly wage withholding tax declarers, with practical examples (FAQ 10, 11 & 12);
- Confirmation that not-for-profit sector employers can benefit from the support measure, and that the “Maribel social” in the sector does not affect the measure’s calculation (FAQ 14);
- A list of information and supporting documents that should be kept available to justify the support measure’s application (FAQ 15).

Contacts

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