



## Global Employer Services COVID-19 | Individual tax

### COVID-19 wage withholding tax incentive and other tax measures in the pipeline

The Belgian government has recently been very productive, with various tax measures proposed or adopted to support the post-COVID-19 recovery of companies, individuals and the economy as a whole.

What follows is an overview of what is relevant for employers and individual taxpayers. Particular attention is given to two draft measures, namely a COVID-19 wage withholding tax incentive and the consumption vouchers.

#### Corona III – Draft law

A draft law was published on 30 June 2020 ([Dutch](#) | [French](#)) regarding various tax measures in response to COVID-19 (corona-III). Key measures **in the pipeline** include:

- An **exemption to remit wage withholding taxes** of 50% of the difference between wage withholding taxes paid in May and those paid in June, July and August 2020. This aims to support the re-activation of workers who were on temporary unemployment. A more in-depth overview if and when the law is adopted.
- An exempt **consumption voucher** of up to EUR 300,;

- A 20% tax credit for the participation in a capital increase of **Small and Medium Enterprises** with a turnover reduction of at least 30% between 14 March 2020 and 30 April 2020. The amount taken into consideration for the tax credit cannot exceed EUR 100,000;
- The percentage of **tax reduction for charitable contributions** made in 2020 to recognised not-for-profit organisations would be raised from 45% to **60%**. The total amount of charity for which a tax reduction can be granted is in principle limited to 10% of the taxpayer's net income (which is assessed globally and subject to progressive tax brackets). There is a proposal to increase the percentage from 10% to **20%** for charitable contributions made by individual taxpayers in 2020;
- A tax deductibility of 100% for **reception costs** made for professional purposes between 8 June 2020 and 31 December 2020;

## Urgent tax measures – Published law

Furthermore, a new law ([Dutch](#) | [French](#)) has been **voted** and published on 11 June 2020 regarding various tax measures in response to COVID-19. The most important measures can be summarised as follows:

- Remuneration for up to 120 hours of **overtime** performed between 1 April and 30 June 2020 is tax exempt, provided that the employer belongs to a recognised critical sector.

The full list of 62 sectors and corresponding Joint Labour Committees can be found [here](#);

- **Gifts in kind** made between 1 March 2020 and 31 July 2020 to health care institutions, universities, public authorities, etc. (or between 1 March 2020 and 1 September 2020 for Belgian schools) can be considered as professional expenses for taxpayers obtaining profits, or profits from a liberal profession;
- A tax credit for **gifts in kind** made between 1 March 2020 and 30 June 2020 to health care institutions, hospitals, schools, etc.;
- **Child care** expenses between 14 March 2020 and 30 June 2020, but not corresponding to an effective day of child care, may still be considered as child care expenses for tax purposes;
  - An extension of the **child care** measure for payments made in 2019, and between 14 March 2020 and 31 December 2020, was included in the draft law published on 30 June 2020.
- Increased benefits for third and fourth quarter **prepayments**, offering individuals an incentive for still making larger payments in the third and fourth quarter due to current circumstances.

## Contacts

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