



Individual tax alert Belgium

Personal tax measures in the law on competitiveness



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The "law implementing the pact for competitiveness, employment and recovery" (Doc. Parl., Chambre, 2013-2014, n°53-3479/009) has been voted. What follows are the main relevant topics from a personal tax perspective.

Increase of payroll tax incentive for night or shift work

Employers may claim a partial exemption from withholding tax payment with respect to people involved in night or shift work. The exemption currently amounts to 15.60% of the taxable salary paid to the employee.

According to the new tax measures, this exemption from withholding tax payment will be increased as follows during the coming years:

- 18.00% as of 1 January, 2015;
- 20.40% as of 1 January, 2017;
- 22.80% as of 1 January, 2019.

Furthermore, for companies where continuous night or shift work is performed, the abovementioned percentages of withholding tax exemption are increased by 2.20%.

New payroll tax incentive for zones in economic difficulty

The law introduces a tax incentive to encourage investments generating employment within "zones in economic difficulty". This incentive consists of a partial and temporary exemption from withholding tax payment.

Description of the incentive

- Partial exemption from withholding tax payment (exemption percentage still needs to be defined by a Royal Decree);
- Maximal amount: EUR 7.5 million per employer;
- Temporary exemption: maximum 36 months.

Conditions

The conditions of the new incentive's applicability vary depending on whether the beneficiary (i.e. the employer) is an SME (as defined under EU legislation regarding State aids).

The main conditions are the following:

- The new employments should be maintained during at least 3 years (for SME) or 5 year (for other companies);
- No simultaneous application with certain other withholding tax incentives (simultaneous application with tax incentives for night or shift work is still allowed);

Tax credit for low salaries

The threshold of tax credit for low salaries (art. 289ter/1 ITC 1992) will increase from 8.95% (with a 130.00 cap) to 14.4% (with a EUR 200.00 cap) as of 1 April 2014 (base amount; to be indexed). Additional increases are foreseen for subsequent years.

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