



Global Employer Services Individual tax

Stock options: No additional tax if additional cash benefit paid

Employee stock options in Belgium are normally taxable upon grant and on a lump-sum percentage of the share value.

Such taxation upon grant requires a pre-financing of taxes and can create reluctance among employees in accepting the options, as they are not sure whether the value will sufficiently increase to ultimately recover at least the tax due upon grant.

The Ruling Commission has confirmed that if employers reimburse the tax amounts in case the share value does not increase (or is not enough to recover at least the taxes due), this **additional cash benefit is not taxable**. Furthermore, the reduced lump sum valuation remains applicable if all conditions are fulfilled. In addition, this cash payment is **tax deductible** for employers.

Although the ruling only covers taxes, it can be argued that based on a parliamentary question from 2016, **social security is also not due**. However, as the underlying facts were different, Deloitte has requested confirmation from the social security authorities.

For companies intending to mitigate the risk faced by employees accepting the options, and are prepared to reimburse the taxes paid upon grant, this route can be considered for all or specific circumstances.

Contacts

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