



Global Employer Services

Individual tax

Warrants limited to 20% of gross salary

The Ruling Commission confirmed that bonuses paid in quoted warrants and options on BEVEKs/SICAVs to employees cannot be 'disproportionate' to salary ([Dutch](#) | [French](#)).

The term 'disproportionate' is interpreted as not exceeding 20% of total salary ([11 January 2018 Individual tax alert](#)).

For employees, the limit is calculated on the total gross salary (before employee social security contributions are deducted), including:

- Monthly gross salary x 12.92 (incl. vacation pay)
- Thirteenth month
- Variable gross remuneration

For directors, the calculation basis includes:

- Annual gross fixed remuneration (subject to withholding taxes and self-employed social security)
- Annual variable gross remuneration

In the Ruling Commission's view, Benefits-in-kind are explicitly excluded.

This new position applies to bonuses paid from 2018 and relating to performances delivered from 1 January 2018. This means that bonuses paid in 2018 for performances linked to income year 2017 are not concerned.

The 20% limitation also applies if warrants or options can be selected through a Cafeteria Plan. The same calculation basis is used.

This interpretation will normally apply to all situations, including exceptional grants. However, the Ruling Commission does not have legislation or court power. If this limit is exceeded, it will remain up to the tax authorities and eventually the court to determine whether this limit breach should indeed be considered as improper use of warrants, and doing so based on concrete circumstances and intentions. If exceeding the limit would be considered as improper use, the concrete tax impact for warrants may remain limited as they are taxed at real value. Another question is whether the social security exemption will be annulled if the use of warrants is deemed improper for tax purposes.

Companies that typically grant higher bonuses should consider the above interpretation and/or other interesting alternatives to combine with warrant grants (for example the recently launched [Profit Premium](#)).

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