



## Global Employer Services Reward & Mobility Alert

### Proposed changes to wage tax partial exemptions

On 30 September 2022, Belgium's Council of Ministers approved a pre-draft bill that would introduce a partial exemption from the payment of wage withholding tax for employers affected by a natural disaster, and provide for a second extension to the validity period for support zones. The pre-draft bill has now been sent to the Council of State for its opinion. In addition, a draft bill of 3 October 2022 on various tax and financial provisions that includes clarification of the application of a number of existing wage tax partial exemptions is currently before parliament. The measures benefit employers by providing a partial exemption from remitting wage withholding taxes.

A summary of the proposals in both bills is provided below, but it should be noted that these may be subject to amendment during the legislative process. If approved, the changes will only apply on publication of the final bills in the official gazette.

### Changes proposed in the pre-draft bill of 30 September 2022

#### **New wage tax incentive for employers affected by natural disasters**

A new partial exemption from wage withholding tax is proposed for employers who have been affected by a natural disaster, particularly employers located in the Vesdre valley who suffered damage as a result of the floods in July 2021. This measure would result in a significant reduction in labour costs for affected employers, making it easier to maintain the size of the workforce while managing the economic consequences of the natural disaster.

## Extension to validity period of regional support zones

Under the proposed changes, regions would have the option to extend the validity period of their existing support zones. The pre-draft bill provides for an extension to the maximum validity period from seven years and six months to nine years and six months.

## Clarifications included in the draft bill of 3 October 2022

The draft bill provides a number of clarifications concerning several existing wage tax partial exemption measures, including the following:

- Article 48 aims to provide a legal basis for **approved employers' organisations and the port undertakings they represent** to guarantee continuity with the withholding tax exemption applied in previous years. The approved employers' organisation would be deemed to be the employer for all port workers employed in a specific port area.
- Article 49 clarifies the **maritime transport** element of towing and dredging activities in the context of the wage tax incentive, providing an explicit definition of the term "sea."
- Article 50 confirms the application of the wage tax incentive for companies that carry out **work on real estate onsite in teams**, by incorporating the so-called "one-third rule" into paragraph 5 of article 275/5 of the Income Tax Code.
- Article 51 specifies that training courses funded in whole or in part by the state are not eligible for the wage tax exemption for **additional education of workers**. Several technical corrections are also provided.

For more information on the impact of these upcoming changes, or for information on the scope and applicability of the wage tax incentive measures generally, please contact us or visit our dedicated [Payroll Incentives page](#).

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### Contacts

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