

A toolkit for enterprises affected by Covid-19 in Belgium

Financial support and compensation, tax and social security measures.

19 March 2020

Speed read

Many enterprises are suffering significant economic consequences as a result of the Covid-19 epidemic and the far-reaching measures taken by the Belgian government in that context. In addition to relying on existing mechanisms to keep the economy afloat and to soften the burden for affected sectors and enterprises, the federal and regional governments have announced and adopted new sets of measures in recent days.

This toolkit:

- provides you with an overview of the key financial support and compensation measures that have recently been adopted or announced at the federal and the regional levels in Belgium (section 1);
- focuses in on the tax support measures (section 2); and
- looks at the social security support measures (section 3).

Financial support and compensation measures

Federal financial support and compensation measures

The federal government has announced a number of (compensation) measures that are aimed at mitigating the impact of Covid-19 by:

- Reinforcing the possibility for enterprises affected by Covid-19 to introduce a system of temporary unemployment so that they can maintain their employment level, and
- Applying measures to spread, defer or obtain an exemption from the payment of social security contributions, withholding taxes and social and fiscal taxes for enterprises and self-employed individuals.

These measures include:

- The reinforcement of temporary unemployment schemes in the context of the Covid-19 outbreak, including a temporary increase of temporary unemployment benefits (see our earlier [publication](#) for more detail – please do note that further easing measures have in the meantime been approved and announced).

- For social security contributions for the first and second quarter of 2020, employers may invoke Covid-19 as a reason for obtaining amicable payment terms (see the section on Social Security Support Measures below for more detail).
- A debtor that can demonstrate that its debts are linked to Covid-19 may apply for a delay in the payment of certain taxes (see the section on Tax Support Measures below for more detail).
- Self-employed individuals may apply for a deferred payment of their provisional social security contributions for the first and second quarter of 2020 (without late payment interests being levied). They may also benefit from a decrease in provisional social security contributions in case of a decrease of their 2020 income, and they may apply for a (partial or entire) exemption from the duty to pay social security contributions. Next, an automatic relief will be granted to self-employed individuals in relation to any increases for late payment of social security contributions due by the end of March 2020 (see the section on Social Security Support Measures below for more detail).
- Self-employed individuals (whose self-employed activity is their main activity) may apply under certain conditions for a bridging right scheme (*overbruggingsrecht/droit passerelle*) if they are forced to interrupt their activities at any point during the months of March and April 2020 due to the Covid-19 outbreak (see the section on Social Security Support Measures below for more detail).
- For federal public procurement contracts, the federal authority will not impose any sanctions or fines on service providers, companies or self-employed persons in as far as it can be demonstrated that delays or failures to perform are caused by Covid-19.
- The Chamber Committee for Finance has decided to set aside a provision of EUR 1 billion. This provision must allow the government to swiftly take adequate measures against the Covid-19 crisis (eg in terms of health care measures or in order to support enterprises and employees). The

decision must still be approved by the full Chamber later this week.

Flemish financial support and compensation measures

The Flemish Government has also announced a number of (compensation) measures to support self-employed persons and enterprises that suffer from the financial consequences caused by Covid-19. These measures (will) include:

- Companies benefiting from a number of subsidies granted by the Flemish Agency for Innovation and Entrepreneurship (**VLAIO**) may agree with VLAIO to extend the deadlines of these subsidies. The list of subsidies can be found [here](#).
- The Flemish Government has set aside a crisis fund (*crisiswaarborg*) of EUR 100 million to extend the guarantee scheme offered by Participatie Maatschappij Vlaanderen for the financing of debts.
- Enterprises on which a full closure is imposed due to Covid-19 will be eligible for a one-off corona compensation (*corona hinderpremie*) of EUR 4,000. Companies on which a weekend closure is imposed due to Covid-19 will be eligible for a one-off compensation of EUR 2,000. In case the federal government would extend the crisis measures by imposing closures after 4 April 2020, enterprises will be able to apply for an additional compensation of EUR 160 per day (provided that day would normally be a business day). VLAIO announced that it will soon provide further details on the application procedures for obtaining the corona compensation.
- The payment notices for the property tax to be paid in the Flemish Region will be delayed and will only be sent in September.
- A budget of EUR 5 million will be set aside to support the tourism sector.
- A relaxation of the guarantee scheme for small and medium sized enterprises under the Statute of 6 February 2004 and its executive Decree of 18 February 2005.

Walloon support and compensation measures

The Walloon Government has announced that it is putting together a EUR 100 million crisis fund to support sectors and enterprises that suffer financial consequences as a result of Covid-19.

In addition, the Walloon Union for Enterprises (*Union Wallonne des Entreprises - UWE*) has indicated that affected enterprises will be supported by the Walloon Region in the following ways:

- Loans and government guarantees will be provided.
- Practical assistance will be provided to businesses that request it regarding sector-specific problems.
- Flexibility will be provided regarding enterprises' obligations towards Walloon authorities, such as the repayment of public loans.

Brussels support and compensation measures

On 17 March, the Government of the Brussels Region approved a first package of measures in order to support the capital's economy, with a total of EUR 110 million mobilized for support. These measures include different forms of support and compensation for enterprises suffering financial consequences as a result of Covid-19, including the following:

- A one-off payment will be made to enterprises on which closure is imposed due to Covid-19.
- Government guarantees granted by the Brussels guarantee fund on bank loans, can be granted for a total maximum amount of EUR 20 million.
- Lower interest loans will be made available for suppliers of the food hospitality industry, to allow them to give payment extensions to affected food hospitality enterprises.
- Lower interest loans will be made available for food hospitality enterprises with more than 50 employees.

- The repayment of capital on loans granted by Finance&Invest.brussels to enterprises in affected sectors will be suspended.
- There will be an accelerated and anticipated processing and payment of economic expansion subsidies for the food hospitality, tourism, event management and culture sectors.
- Donations by the Centre for enterprises in difficulty will be increased to reinforce support to affected enterprises.

The Government of the Brussels Capital Region has also called upon all public authorities, administrations, public entities and municipalities to adopt solidarity measures in support of affected enterprises, for instance by postponing the payment of rent. Further concrete measures are to be expected.

Tax support measures

Enterprises that are affected by the Covid-19 crisis may ask for payment facilities in relation to certain federal and regional taxes. We set out below the key takeaways to benefit from these exceptional support measures.

Deferred payment of federal taxes

The Government has announced that the payment deadline for federal income taxes (corporate income tax, personal income tax, non-residents tax and legal entities tax) will be 4 months instead of 2 months. This deferral is available to all taxpayers.

In addition, any enterprise (company or individual) that:

- is registered with the Crossroad Bank for enterprises; and
- is encountering financial difficulties resulting from the outbreak and spreading of the Covid-19 and is able to evidence such financial difficulties (such as a decline in turnover, a significant drop in orders and/or bookings, cascading effect with business partners, etc.)

qualifies as an enterprise capable of benefitting from an exceptional deferred payment of certain federal taxes (subject to the conditions outlined below). The sector of activity is irrelevant.

Qualifying taxes

The payment of the following taxes may be deferred:

- Professional withholding tax.
- VAT (but see below the special measures).
- Personal income tax.
- Corporate income tax.
- Legal entities income tax.

Time frame

The request must be filed on or before 30 June 2020 at the latest.

Measures

The enterprise may ask for payment facilities in relation with the aforementioned taxes. As a result, no late-payment interest and other penalties will be applied.

Conditions

The qualifying enterprise must meet the following conditions in order to benefit from these exceptional measures:

- The enterprise must meet their tax filing obligations.
- The tax debt may not result from any fraud.
- The enterprise may not be subject to collective insolvency proceedings (bankruptcy, judicial reorganization, etc.).

Hence, enterprises will still have to meet their tax filing obligations in due course (but please see below in relation to VAT). Please note though that the Government is extending tax return filing deadlines (eg: corporate income tax deadline is extended to 30 April 2020), and further measures may follow.

Steps

In order to benefit from the abovementioned exceptional measures, the enterprise must:

- For each tax debt that it has received a tax assessment notice (*aanslagbiljet/avertissement-extrait de role*)

or any payment notification, file a request on a form by mail or by email.

- Send the form to a single contact point: the Regional Center of Perception (*Regionaal Invorderingscentrum/Centre regional de recouvrement*) competent for that enterprise.
- The form, the competent Regional Center of Perception and additional information can be found in Dutch [here](#) and in French [here](#).

Deferral of VAT obligations

The tax authorities have announced that the filing obligations for VAT-related declarations have been deferred. For example, the deadline for the VAT return in relation to February 2020 is now 6 April 2020.

In addition, the payment deadline for VAT is automatically deferred with two months, without late interest or penalties. For example, the payment deadline for VAT in relation to February 2020 is deferred to 20 May 2020.

In addition to this automatic deferral, qualifying enterprises can still apply for the deferral mentioned above.

Other tax-related measures and impacts

Real estate withholding tax in Flemish Region

For buildings located in the Flemish Region, the Flemish Region has decided that the tax assessment notice for tax year 2020 for enterprises will be sent in September 2020 (instead of in May 2020 as would usually be the case). As a result, enterprises should have until November 2020 to pay the real estate withholding tax for 2020.

More information can be found [here](#).

Tax-free cost compensation for home work

The Belgian Ruling Commission accepts that a compensation of up to EUR 126.94 per month can be paid tax-free to each person working from home, regardless of the function, as a compensation for the cost related to home work.

A draft ruling application is available on the Ruling Commission's website.

Note however that it is also material to comply with applicable instructions issued by the RSZ/ONSS.

International mobility of workers

The income tax liability of employees working in a cross-border context is generally dependent on where they are physically present when performing their work. As employees are asking to work from home, this may have an impact on the physical presence of employees in some jurisdictions, and hence on their tax liabilities.

In particular, Belgian residents who normally work in Luxembourg for a Luxembourgish employer may work up to 24 days per calendar year outside of Luxembourg without triggering taxation in Belgium (see Circ Letter 22/2015). A similar rule exists for remuneration derived by workers residing in the frontier zone between Belgium and France and working in the frontier zone of the other state, with a tolerance of 30 days outside of that zone. In relation to both treaties, the relevant tax authorities have decided that the current Covid-19 crisis is a force majeure event and hence, homeworking days will be disregarded when calculating the number of days present in one state or the other. This measure is applicable as from Saturday, 14 March 2020 and until further notice.

Hotels and accommodations: suppression of the City Tax in the Brussels Region for first semester 2020

The Brussels Region has announced that it will renounce the so-called "City Tax" for the first semester of 2020. The City Tax is a lump sum tax (around EUR 0.09) per night and per room occupied by a tourist. The tax is due on a monthly basis by the operator of the tourist accommodation, but the owner of the accommodation can be jointly liable for the tax.

Stores in the Walloon Region: "freezing" of regional taxes

The Walloon Region have announced that they will "freeze" regional taxes for retail stores proportionally for the days they are closed due to the measures relating to Covid-19. More information is still awaited in this respect.

European Commission draft proposal for a State aid Temporary Framework to support the economy

The European Commission has sent to Member States for consultation a draft proposal for a State aid Temporary Framework to support the economy in the context of the Covid-19 outbreak. The proposed new Temporary Framework will enable four types of aid: i) direct grants and selective tax advantages, ii) State guarantees for loans taken by companies from banks, iii) subsidised public loans to companies, and iv) safeguards for banks that channel support to the real economy. Additional information can be found [here](#).

Tax audits at business premises postponed

The Federal Public Services Finance has also announced that all tax audits at business premises are postponed unless they are required to safeguard the Treasury's interest. Other tax audits continue as normal.

Contact with the tax authorities

All information centers and offices of the Federal Public Services Finance and of the regional and local tax authorities are generally closed to the public but should be available by phone or email.

Social security support measures

In terms of social security support, the national social security authorities (RSZ/ONSS and RSVZ/INASTI) have issued guidance that employers and self-employed individuals impacted by the new Covid-19 outbreak may be eligible for the below support measures. In this section, we provide more detail on some of the federal and regional financial support and compensation measures outlined in section 1 above. Also note that, as the Covid-19 outbreak further develops, it is possible that the government will take additional and/or further reinforce measures to further support employers and self-employed individuals.

- ***Employers that suffer from economic hardship and that face difficulties to make social security payments due to this outbreak can apply to obtain an amicable payment instalment plan:***
 - In relation to hardship due to Covid-19 outbreak, the RSZ/ONSS has announced that it will consider applications for this type of payment plan with respect to social security contributions that are due for the first and second quarters of 2020 (ie social security payments that will normally become payable respectively in April and July 2020).
 - If granted by the RSZ/ONSS, this plan will allow the employer to pay outstanding social security contributions in monthly instalments over a period agreed with the RSZ/ONSS (maximum 24 months). To the extent that the employer complies with the plan agreed with the RSZ/ONSS, it may subsequently waive any interests, increases and/or other penalties that would normally be payable in respect of late payment of contributions.
 - It is important to note that payment plans are not automatically granted. In particular, the employer is still required to demonstrate how its enterprise is financially suffering from the Covid-19 outbreak.
 - Relative to timing, an amicable payment plan can as a principle only be requested with respect to actual social security debts. In other words, under current law,
- an application for such a plan cannot be introduced “proactively”, ie prior to the moment when social security contributions have become due.
- In terms of procedure, any application to obtain this type of payment instalment plan needs to be introduced by filling out and submitting an online form made available on the website of the RSZ/ONSS. As a principle, the RSZ/ONSS will subsequently take a decision within 10 working days.
- ***Self-employed individuals who find themselves in difficulty due to the impact of the Covid-19 outbreak can call upon the following measures in relation to social security:***
 - Deferment of payment of provisional social security contributions:
 - Self-employed individuals who are affected by the outbreak can apply for a 1-year deferment of payment of provisional social security contributions for the first and second quarter of 2020 (ie provisional contributions payable respectively at the end of March and June 2020). Consequently, where facilities are granted, social security contributions for the first and second quarter of 2020 will then be due together with, respectively, the provisional social security contributions for the first and second quarter of 2021.
 - If the facilities are granted, payment in accordance with the deferment agreement will not incur increases due to late payment. In addition, there will also be no impact on the self-employed individual’s social security benefits and entitlements.
 - In order to obtain a deferment of payment, self-employed individuals need to introduce an application with their social security fund no later than 15 June 2020.
 - Reduction of provisional social security contributions:

- In case a self-employed individual expects that his/her income for 2020 will be reduced due to the impact of the Covid-19 outbreak, he/she may, depending on the amount of reduced income, be eligible to request a reduction of the amount of provisional social security contributions that are normally due on a quarterly basis.
- However, note that at the end of the year an additional assessment will need to be made to see whether the income for 2020 has indeed decreased as expected. If the income turns out to be higher than expected, an additional payment of social security contributions will need to be made in order to avoid increases for non-payment.
- Relief of payment of social security contributions:
 - If a self-employed individual is not able to pay social security contributions due to specific circumstances, such as for example hardship due to the Covid-19 outbreak, he/she can request full relief of payment of social security contributions.
 - This can either be granted fully or partially and is always assessed by the national social security authority (RSVZ/INASTI) on a case-by-case basis.
- Automatic relief of payment of increases for late payment of social security contributions due by the end of March 2020:
 - The RSVZ/INASTI has announced that self-employed individuals who are late in paying social security contributions that are normally due by the end of March 2020 (both provisional and regularisation contributions) will not be liable to pay increases on such late payments.
 - This relief is automatic, meaning that the self-employed individual does not need to submit a request on an individual basis in order to obtain it.
- Bridging right in the context of an interruption of activity due to the Covid-19 outbreak:
 - Self-employed individuals who are forced to interrupt their activity (and fall without income), may (subject to conditions) be eligible to benefit from the “bridging right” scheme (“*overbruggingsrecht*” or “*droit passerelle*”).
 - Under this scheme, relevant self-employed individuals are normally entitled to a monthly allowance of EUR 1,291.69 (no dependent family) or EUR 1,614.10 (with dependent family), prorated in function of the period of interruption of activity.
 - In order to qualify under this scheme, there was a minimum threshold of 1 month of forced interruption of activity.
 - On 18 March 2018 the Commission of Social Affairs of the Belgian Federal Parliament approved a number of changes easing the restrictions under this scheme, of which the following are most important.
 - Firstly, the qualifying minimum threshold of a month of interruption has been reduced to 7 consecutive calendar days during each relevant calendar month, and will even be fully disapplied for self-employed individuals involved in activities prohibited under the Covid-19 measures (eg cafes, restaurants, leisure activities, non-essential shops...).
 - Secondly, the allowances to be paid under the scheme to qualifying self-employed individuals will not be prorated for Covid-19 related interruptions for the months of March and April 2020 (ie full amounts will be paid irrespective of actual duration of the interruption to qualifying self-employed individuals).

- The specific Covid-19 measures will in first instance only apply to interruptions in March and April 2020 (but may be extended afterwards if needed).
- Please note that this proposal (as approved by the Commission of Social Affairs), still needs final approval in full Parliament.
- Temporary moratorium on payment warnings and execution of enforcement orders:
 - The RSVZ/INASTI has announced that it will temporarily cease sending out payment warnings to self-employed individuals who have failed to pay outstanding social security contributions.
 - In the same announcement, the RSVZ/INASTI has also confirmed that execution of enforcement orders that have been announced but have not yet been executed will be paused until further notice.

These measures exist aside from other existing schemes (such as benefits during illness or additional measures in place for started self-employed individuals).

What's next?

The above measures follow from concrete legislative developments and are mostly based on pre-existing rules. We have not included any rumoured developments.

As the Covid-19 outbreak further develops, it is possible that the government will take additional measures to further support employers and self-employed individuals. We will keep you updated on a regular basis of any further, relevant developments.

If you would like to discuss any of the points covered in this email and in the publication in more detail, please let us know.

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