

Starting up in Belgium as a foreign company

5 areas to consider when
employing people and what you
need to know to manage the
'hard' side of things

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Introduction

So, you are a non-Belgian organisation and you are planning to start activities and to hire people in Belgium, but you do not know where to start? You have heard it is complex, but what does that mean? Which steps do you need to take, so that you are compliant, but do not have to spend efforts and money on what is not – yet – needed? And how to make sure that the choices you make will support expansion later on? Then this article is for you!

Based on our experience in supporting organizations in taking their first steps in Belgium, we share the main steps to take and considerations to make to be ready today and prepared for tomorrow. We take a “hard HR” lens here: **we take the perspective of HR administration and what is minimally needed when you intend to employ people.**

One thing you need to know about Belgium is that the legislative and administrative instructions for companies to comply with are spread over different disciplines that are not necessarily aligned to each other: there is VAT legislation, employment law, potentially immigration, social security etc. Many publicly available and official sources provide information, but they are scattered and not always up to date.

There is no ‘one-size-fits-all’ approach. Eventually, you will need support from service providers (e.g. for payroll or specific legal matters). It is a good investment to get introduced to the different HR support models that exist for the various activities and to select the one that fits your aspirations.

On the bright side

if you know the ‘roadbook’, the steps to take are predictable and can go fairly quickly, and often you will involve consultants for that.



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The included graphic provides an inventory of steps to take and things to consider. It is by no means intended to be academically exhaustive, but it provides a pragmatic, experienced-based overview of where to focus on and where to be assisted by consultants.

Starting up as an employer in Belgium

The main steps



1. Legal entity

- Legal entity, branch office or no entity
- Company registration tax and social security
- VAT identification
- Insurances

2. Employment conditions

- People and workforce approach
- Work regulation, HR policy and employment contract
- Comp and Ben package
- Future-proof support model for employment law and payroll

3. Payroll conditions

- Company and employee registration for Social Security
- Insurance against work accidents
- Prevention and protection of the worker
- Benefit providers contracting
- Support model for HR, employee and provider

4. Grow

- Provider ecosystem that can support your growth
- Narrative to approach the labour market
- Competitive reward package that supports the narrative

5. Thrive

- (International) HR operating model
- (International) provider ecosystem and outsourcing strategy
- Approach to ensure compliance in the future



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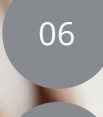
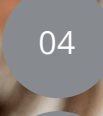
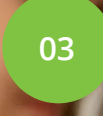
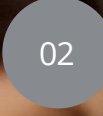
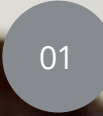
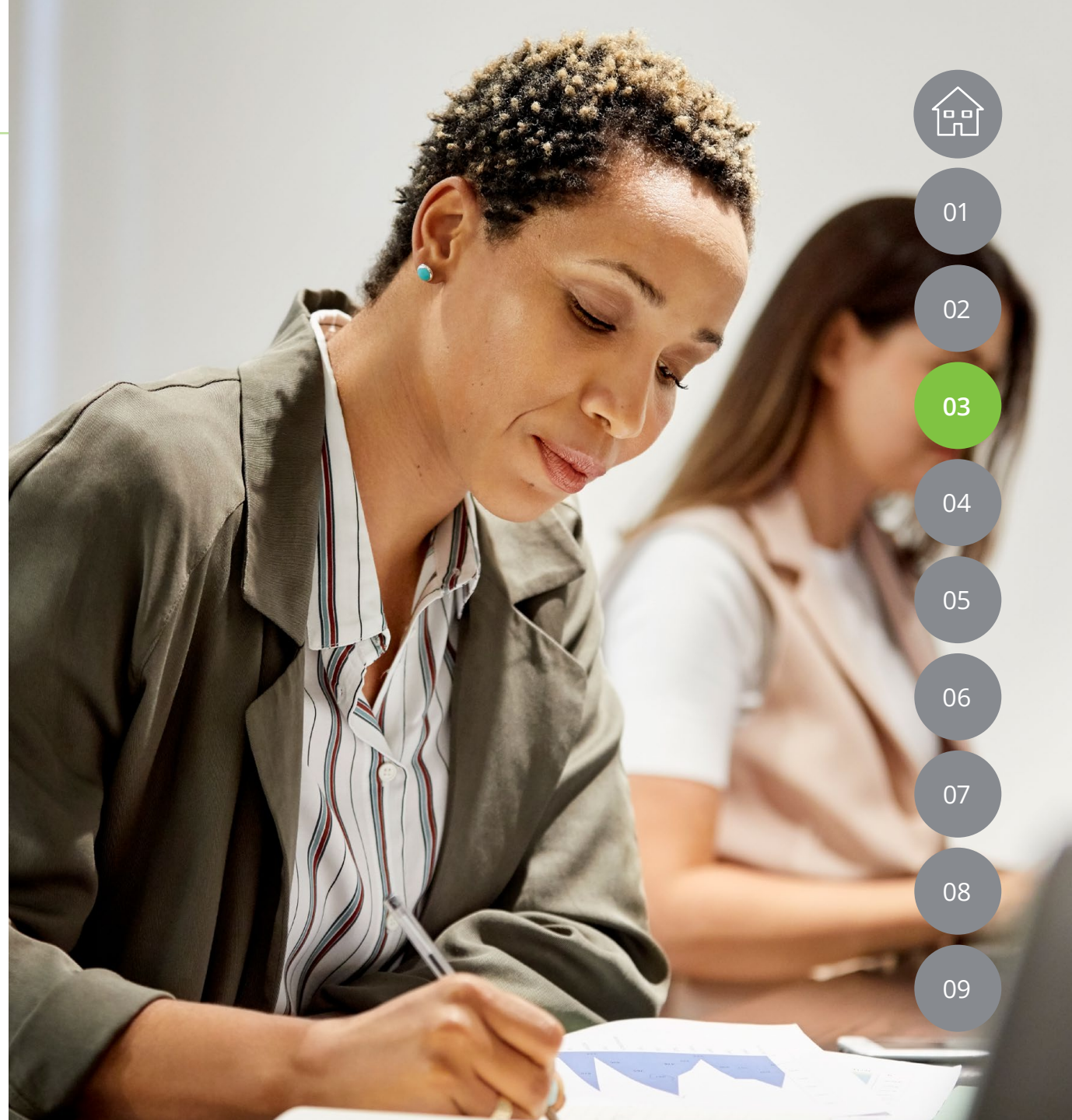
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1 Employer registration

The first critical step is to establish whether an entity is needed in Belgium, and if so what is the **legal form** of your organization. The legal form depends on the type of activity you deploy in Belgium, and how you want to manage assets, risks, taxes, rights of the shareholders, etc. Establishing the right form is critical, as it sets many elements down the road. Corporate law consultants will give you the right advice. It should also be considered at this stage if corporate tax consultants need to be called upon, to know appropriate tax rates and withholding tax on interest, royalties and dividends.

Once your entity is established, you will need to make sure proper registration at the social insurance office, check your VAT obligations and registration and company insurances.





2 Employment conditions

When you start planning to hire people, it is good to reflect on your approach. *Which profiles do you seek? What is your value proposition? How do you want to attract them? Are you looking for freelancers or will you hire employees?* The answers to your questions will provide you with the right focus to become more effective when targeting the labour market later on.

Before people can start, you are obliged to make sure that a **work regulation** exists. It is a document that sets out the mutual rights and obligations between your employees and yourself as the employer. It forms the cornerstone of your working relationship and contains, for example, agreements on working hours, holiday provisions and illness regulations. Then, it is suggested to write basic HR policies that describe the practicalities of the work reality, for instance how to take holidays. **HR policies** will evolve as your company evolves and can be seen as living documents for which the basis is the work regulation.

Then, you can focus on hiring people. You need to make sure you have a legally compliant **employment contract** and a **compensation and benefits package**. Both should support your vision on the labour market and the type of people you want to employ and reward and that is competitive for the market segment you want to approach. Also in Belgium there is a *war for talent!*

Lastly, you will need to reflect on where to get the right support for **employment law** and **payroll obligations**. As you employ people, you will be confronted with specific employee life events (illness, retirement, long-term absences, ...) that will require specific action. Employment law and payroll are closely related, and most companies in Belgium rely on providers to cover this. Make sure you have this set up before your first employee starts.





3 Payroll conditions

As soon as people are ready to get onboarded, you need to be ready to **process your payroll**. For this, the company and your employees need to be registered at the **Social Security Office**. Next to that, you are obliged to make sure you are affiliated with a provider of **prevention and protection for the worker**. This is an external organization that has the obligation to watch over safe and healthy working conditions for employees. Next to that, an **insurance against work accidents** is a mandatory insurance for all employers in Belgium.

This is as far as mandatory compliance requirements go, but that's not all!

Your employee has a **reward package**, which in Belgium typically contains some non-salary benefits, such as a company car or meal vouchers. You will need to contract **benefit providers who will take care of the benefit and the information** related to the benefit that needs to be processed in the payroll. Different providers are servicing the Belgian market, so expect some work to compare and select the one that meets your needs. Do not commoditize this activity: choose a provider that meets your service expectations and has a track record.

Lastly, and this is a challenge especially for smaller organisations, do reflect upfront on how you, as an employer, will respond to the **questions** for your employee. Will you entrust your service providers with that task? Will you organize an HR function? Many models exist, do take some time to reflect on this, and anticipate your growth path: your employee value proposition needs to be a reality each day!



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4 Grow

Employing people in Belgium normally implies working together with **multiple vendors** (for benefits, for insurances, for payroll, for tax matters, ...). This can become a burden for growing organisations that want to put their focus on their product or the clients. In addition, not all vendors are capable to follow a growing context because their support models do not allow the flexibility that smaller organisations require. So it is important upfront to reflect on this. One-stop providers exist, or providers could be clustered and their ability to support growth is a useful conversation to have.

Then, there is **approaching the labour market**. You have a story to bring, and you want to attract the best talent, just like everybody else. You want to find these people that want to buy into your story, and it is essential to articulate that well. And once they are part of your 'tribe' they also need to feel the authenticity and consistency of your value proposition. A good understanding of the reward components typical for the Belgian market is a must-have.



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5 Thrive

Once you are up and running – and growing – you need some sort of **'business-as-usual'** for the typical HR stuff that comes with the territory. Especially in an internationally scaling aspiration, this is important: you might be too small to already foresee a full-time HR department but the admin complexity in different countries is not scalable; people will have specific questions and requirements. This too should be anticipated, to create a consistent people experience in all locations.

We also notice that many growing organisations struggle with the multitude of vendors that need to be contracted and governed to support employment – think about benefit or payroll providers. Different models exist – a trusted one-stop partner or process outsourcing providers – , choose the right one early to avoid at one point in time being overwhelmed with contracts and services that are not aligned.



The last challenge is remaining up to date with all the changing regulations and legislations. We often see growing organisations struggle with that as well but know that experienced service providers exist who can help you with that. Do consider that many legal areas typically need to be covered – employment law, tax, social security, ... Not all service providers group them under one roof, so build your provider ecosystem that can cover all legislative aspects and that meets your service requirements consistently.



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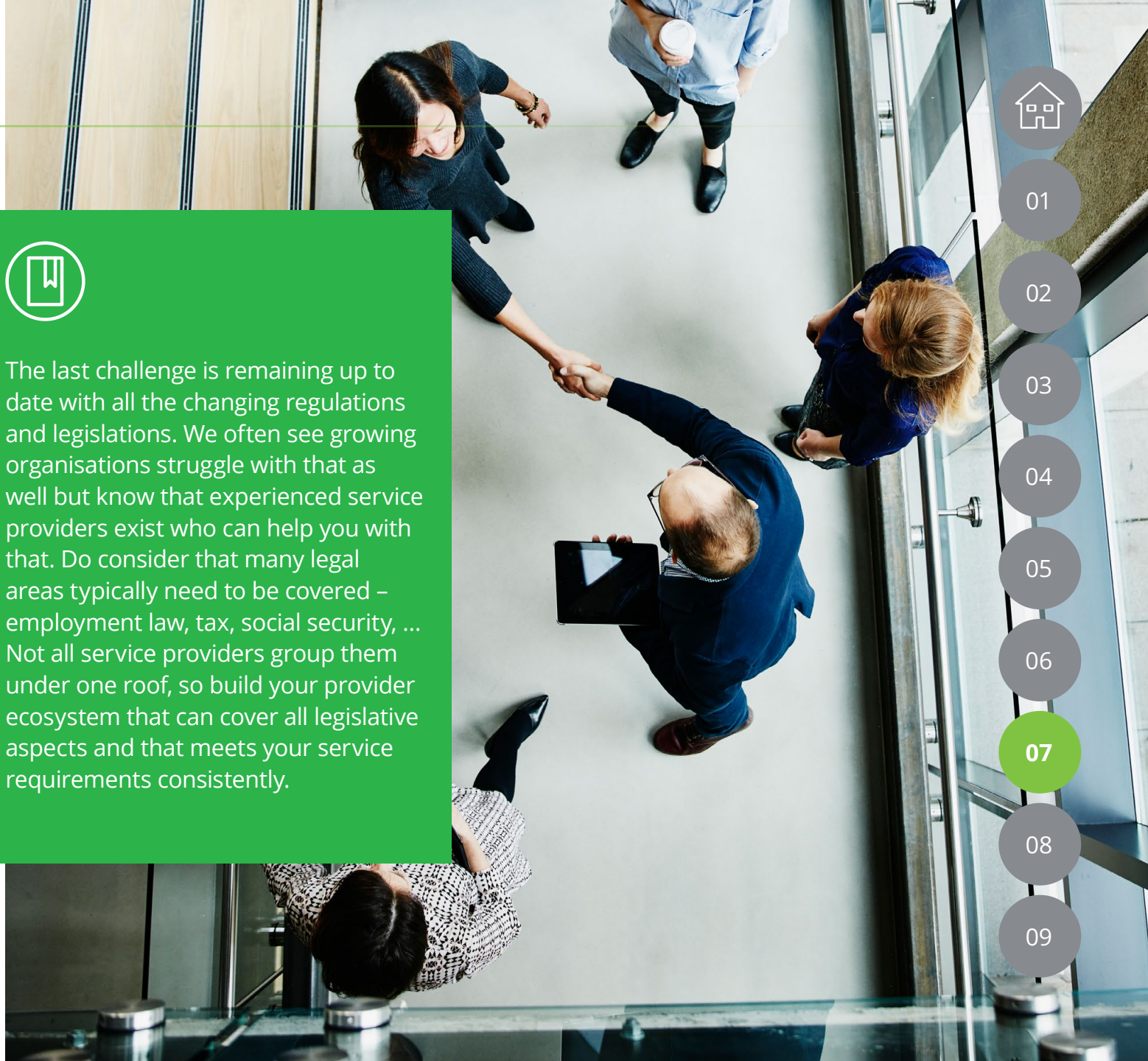
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In conclusion

Following these steps will bring you to an acceptable readiness level to thrive in Belgium.

We explained how to navigate through the complexity, you understand that you shouldn't do this on your own and when to get involved with the different consultants.



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