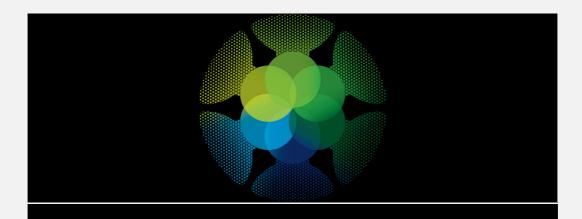
Deloitte Belgium | Deloitte Tax | 22 March 2021



Global Employer Services Individual tax

Royal Decree on practicalities of wage tax exemption for employee education published

Legislation enacted on 20 December 2020 and published on 30 December 2020 introduced a new partial exemption from remitting wage withholding taxes as from 1 January 2021 to support employee education in Belgium. The incentive is designed to reduce the total cost of training programs offered by private employers to their workforce in addition to the mandatory education program (see our previous <u>alert</u> dated 15 January 2021).

The partial wage withholding tax exemption amounts to 11.75% of the ordinary monthly remuneration (capped at EUR 3,500 for full-time employees) for the month in which the additional education takes place. Where the education program takes place over two (or more) consecutive months, the exemption is based on the remuneration for the month in which the program ends.

A Royal Decree (<u>Dutch</u> | <u>French</u>) published on 18 March 2021 sets out the **formalities** with which employers must comply to apply the exemption.

In line with other partial wage tax exemptions, employers need to file **two separate withholding tax returns.** The second return must contain specific entries, including the negative amount equal to 11.75% of the ordinary monthly remuneration and the code "64."

In addition, the employer will have to keep a **designated list**, available to the tax authorities, including for each employee:

- Name;
- Belgian national number;
- Details of the education program followed;

- Dates on which the additional education took place;
- Gross ordinary monthly remuneration; and
- Amount of wage tax withheld, together with a detailed calculation of the amount.

Deloitte's payroll incentives team can guide you through the necessary steps to ensure smooth and appropriate implementation.

Contacts

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