

# **Covid-19 in Belgium: Support measures at a glance**

**24 March 2020**





# Overview of support measures following Covid-19

The Federal and regional governments have recently adopted measures to combat the corona crisis (Covid-19 virus). Considering the extent of the crisis, a large number of businesses are at risk of financial difficulties. The various support measures should serve to mitigate its economic impact. The main federal and regional support measures are listed and explained below.

Please note that these measures have been updated to include the announcements of 24 March 2020.

In view of the many and rapid developments in this area, it cannot be excluded that additional measures will be issued.

## Federal support measures

### Temporary unemployment - Covid-19

In response to the corona crisis, the procedures for applying temporary unemployment as a result of this crisis have been highly simplified, both for employers and employees.

From 13.03.2020 (and for the entire duration of governmental measures), a flexible application of the concept “force majeure” will be accepted and all situations of temporary unemployment as a result of the coronavirus will be considered as temporary unemployment due to force majeure, even if, for example, work may be performed for several days.

#### A. Simplification of the formalities for the employer

- The employer submits an electronic social risk declaration in which the employer states the number of days on which the employee is temporarily unemployed (the so-called 'ASR scenario 5'):
  - if the employer for the period from 13.03.2020 declares “force majeure” as the cause for the temporary unemployment and “coronavirus” as the reason in the electronic declaration, the employer no longer needs to send notifications of temporary unemployment due to force majeure to the competent unemployment office of the National Employment Office (‘NEO’) for the duration of the restrictive measures (provisional until 05.04.2020)
  - if the employer declares “economic reasons” as the cause for temporary unemployment in the electronic declaration, the existing procedures for temporary unemployment for economic reasons will be maintained (notification of the planned temporary

unemployment for economic reasons, notification of the first effective unemployment day, mandatory working week, ...)

- The electronic declaration must be made as soon as possible so that the NEO can determine the amount of the unemployment benefit of the temporarily unemployed person. The employer must not wait until the end of the month for this, but must do this during the month, as soon as all data are known up and to the end of the month.
- From 01.03.2020 to 30.06.2020, the employer must not provide monthly control cards to employees who are temporarily unemployed, regardless of the reason for the temporary unemployment.

#### B. Simplification of the formalities for the employee

- The employee can use a simplified form to submit his unemployment benefit application to his payment institution.
- An employee who is temporarily unemployed due to force majeure is admitted to unemployment benefits without eligibility conditions. This applies, for the period from 01.02.2020 to 30.06.2020, also for the employee who is temporarily unemployed for economic reasons.

#### C. Benefits for the employee

- Employees receive an increased benefit from the NEO (70% instead of 65% of the average salary) until June 30, 2020, with a maximum of €2,754,76/month (from which professional withholding tax of 26.75% is withheld).
- On top of the unemployment benefits, the employee receives an additional compensation of €5,63/day, to be paid by the NEO. The additional support amounts to approximately €150/month.



## Tax measures taken by the Federal Public Service Finance

### A. General measures (applicable to all taxpayers)

#### 1. VAT

| VAT return + Intra-Community sales listing | Initial filing and payment deadline | Extended filing deadline VAT return <sup>1</sup> | Extended payment deadline VAT |
|--|-------------------------------------|--|-------------------------------|
| February 2020                              | 20 March 2020                       | 6 April 2020                                     | 20 May 2020                   |
| March 2020                                 | 20 April 2020                       | 7 May 2020                                       | 20 June 2020                  |
| Quarter 1/2020                             | 20 April 2020                       | 7 May 2020                                       | 20 June 2020                  |

Start-ups or monthly VAT refund license holders are also granted an extension, but only until the 24<sup>th</sup> of the month following the reporting period.

Annual VAT sales listing of 2019:

- Initial filing deadline: 31 March 2020
- Extension until 30 April 2020

#### 2. Wage tax

| Period         | Initial filing and payment deadline | Extended filing and payment deadline |
|----------------|-------------------------------------|--------------------------------------|
| February 2020  | 15 March 2020                       | 13 May 2020                          |
| March 2020     | 15 April 2020                       | 15 June 2020                         |
| Quarter 1/2020 | 15 April 2020                       | 15 June 2020                         |

#### 3. Personal income tax, corporate income tax, legal entity income tax and non-residents income tax

Corporate income tax, legal entity income tax and non-residents (corporate) income tax returns with a filing deadline between 16 March and 30 April 2020 (e.g. companies with a financial year ending on 30 September 2019) are granted an extension of the filing deadline until Thursday 30 April (midnight).

For personal, corporate, legal entity and non-residents income tax assessments related to tax year (assessment year) 2019 that have been established as from 12 March 2020, the normal payment deadline has been automatically extended with an additional 2 months.

For the payment of tax liabilities related to personal, legal entity or corporate income tax (including tax assessments established before 12 March 2020), it is possible to apply for additional payment periods, exemption from late payment interest and/or remission of fines imposed due to late payment (see next section).

### B. Application for support measures for tax liabilities and VAT from the FPS Finance (to be requested individually per taxpayer)

Individuals or legal entities (that have a registration number at the Crossroads Bank of Enterprises) who – regardless of the sector in which they operate – are able to demonstrate payment difficulties due to the corona virus (e.g. a decrease in turnover, a significant decrease in orders and/or reservations, consequences of a “chain reaction” with partner companies, ...) are eligible for these measures.

<sup>1</sup> In principle no proof of reduced activity is required.



After receipt of a tax assessment or payment notice, the following measures may be applied for with regard to wage tax, VAT, personal income tax, corporate income tax, legal entity income tax or non-residents income tax:

- Payment by instalments
- Exemption from late payment interest
- Remission of fines for non-payment

The application must be submitted before 30 June 2020 by way of a specific form<sup>2</sup> to be sent to the Regional Collection Center.

### Payment plan for employer's social security contributions

The corona virus is accepted as a reason to apply for a payment plan (payment by instalments) for the social security contributions for the first and second quarter of 2020.

Such a payment plan has to be requested individually. The payroll offices should be able to assist with the application.

### Extension for payments to the NSSO

The government has also granted an extension until 15 December 2020 for payments to the NSSO from 20 March onwards. For certain sectors and businesses, this is an automatic extension. For others, a "declaration on honor" (specific form) is required. This extension has no impact on the obligation to submit a timely NSSO declaration.

### Decrease of social security contributions for self-employed persons

Self-employed persons who notice during the course of the year that, as a result of the corona virus, their income is lower than the amount used to calculate their social security contributions, can request a reduction of the contributions.

Such a reduction has to be requested individually through the social security fund<sup>3</sup>.

### Extension or exemption from payment for surcharges and social contributions for self-employed persons

#### A. Extension

Self-employed persons can apply for an extension on the payment deadline for their provisional social contributions for the first two quarters of 2020, without a 3% or 7% surcharge being applied. The following deadlines apply:

| Period         | Initial payment deadline | Extended payment deadline |
|----------------|--------------------------|---------------------------|
| Quarter 1/2020 | 1 April 2020             | 31 March 2021             |
| Quarter 2/2020 | 1 July 2020              | 30 June 2021              |

This measure also applies to the regularization of the social contributions for which the payment deadline was 31 March 2020.

Self-employed persons who wish to benefit from this deferral of payment for one or for all contributions, must submit a written application to their social security fund<sup>4</sup>.

It is important that they are able to demonstrate nuisance caused by the corona crisis.

#### B. Exemption

Self-employed persons who are unable to pay their social contributions as a result of the corona crisis, can also apply for an exemption from contributions. This exemption may be granted in full or in part.

For this purpose, the self-employed person should be able to demonstrate financial difficulties resulting from the corona crisis<sup>5</sup> and should contact his social security fund.

### Obtaining a replacement income for self-employed persons (bridging right)

Provided that they can demonstrate the economic impact of the corona crisis, self-employed persons in main occupation<sup>6</sup> are eligible for the bridging right on the grounds of mandatory shut-down of activities, as soon as its duration exceeds one week. The bridging right amounts to €1.266,37/month without dependents and €1.582,46/ month with dependents.

The application must be made through the social security fund<sup>7</sup>.

### Teleworking

The government is currently encouraging teleworking. The following overview contains the main benefits in kind related to telework.

| Medium                           | Annual benefit in kind <sup>8</sup> |
|----------------------------------|-------------------------------------|
| PC                               | €72/device                          |
| Tablet, mobile phone, smartphone | €36 /device                         |
| Internet                         | €60                                 |
| Phone subscription               | €48                                 |

2. <https://financien.belgium.be/sites/default/files/Aavraag%20coronavirus.docx> (not available in English)

3. <https://www.nisse.be/en/list-social-security-funds>

4. <https://www.nisse.be/en/list-social-security-funds>

5. <https://www.rsvz.be/nl/news/moeilijkheden-door-het-coronavirus> (webpage not available in English)

6. For a full overview of the applicable conditions, visit <https://www.rsvz.be/nl/faq/ik-moet-mijn-zaak-gedwongen-onderbreken-stopzetten-wat-nu> (webpage not available in English)

7. <https://www.nisse.be/en/list-social-security-funds>

8. Professional use

Employers can also support teleworking in other ways by:

- Intervening in the expenses borne by their employees for the purchase of a computer or for an internet subscription that is used for teleworking. Subject to conditions, the social security authorities provide for a lump sum benefit of €20 per month for the pc and for internet without the actual expenses having to be proven.
- Granting a homework allowance to cover the expenses of a home office. This is subject to the conclusion of an advance tax ruling with the tax authorities. The ruling commission has established a FAST TRACK application procedure<sup>9</sup> whereby the aforementioned approval can be obtained directly and under minimal conditions (formal but shortened application, temporary nature, no double use, etc.). With such a ruling, every enterprise can grant a temporary, net monthly home office allowance of maximum €126,94 (without any distinction between job categories).

## Regional support measures - Flanders

### Crisis guarantee

Companies and self-employed persons who are, due to the corona crisis, among others, unable to pay their employees, purchase raw materials or pay invoices and who want to take out a loan for this purpose, are eligible for the crisis guarantee. It concerns businesses that do not have sufficient guarantees to obtain a bank or non-bank bridging loan.

In addition to the existing guarantee scheme, businesses can now also have a bridging loan for existing non-bank debts guaranteed by the *Participatie Maatschappij Vlaanderen* (Participation Company Flanders) (PMV) for a maximum of 12 months (previously only up to 3 months). This measure is additional to the existing guarantee possibilities for investment loans and working capital.

This measure was further developed on 18 March 2020:

- The one-time premium to benefit from the crisis guarantee is reduced from 0,5% to 0,25% of the guaranteed amount.
- Recourse to this premium is possible until the end of August 2020
- Also for existing bank debts (whereas the existing 'generic' guarantee scheme covered solely new bank debts and the first version of the crisis guarantee covered solely existing non-bank debts)
- The measure is conditional to flexibility on the part of the banks; this is to be further refined by PMV.

To apply, the business should contact the bank or leasing company and should be able to demonstrate that the loan application is a consequence of the corona crisis.

9. <https://www.ruling.be/nl/nieuws/aanvraag-thuiswerk-covid-19> (webpage not available in English)

10. <https://www.vlaio.be/nl/nieuws/uitbreiding-van-de-corona-hinderpremie> (webpage not available in English)

### Corona nuisance premium

The nuisance premium is meant for companies and self-employed persons affected by the corona measures; in particular by a mandatory complete shut-down of their premises (as a result of a decision by the National Security Council).

The premium is granted per establishment insofar as the additional establishments employ at least one full-time employee. The number of premiums is limited to a maximum of five per business.

The businesses affected by a mandatory complete shut-down will receive:

- For the period until 5 April 2020: a one-time tax exempt premium of € 4.000
- As of 6 April 2020: a tax exempt premium of € 160 per day

Applications for the nuisance premium must be submitted with the Flanders Innovation & Entrepreneurship Agency (*Agentschap Innoveren & Ondernemen - VLAIO*) within one month after the end of the mandatory shut-down<sup>10</sup>.

### Extension of the payment deadline for real estate tax

This year the Flemish Region will send out the real estate tax assessment notes for companies later than usually.

More specifically, the real estate tax assessments for companies will be sent out as from September. The payment deadline will be the end of November 2020.





### Traffic tax collection

Enterprises get an additional delay of four months for the payment of the traffic tax:

- Tax assessment notes sent as from 26 March will automatically mention a payment term of six months (instead of the usual term of two months);
- For tax assessments sent recently mentioning a payment term of two months, the tax payer may add an additional payment term of four months.

This measure is applicable to corporate enterprises. Self-employed individuals could request a payment plan and possibly request a waiver of late payment interest.

### Tourism support measure

This year Tourism Flanders will not collect rent from its youth hostels. In addition, it has made €5 million available for youth tourism and social tourism. The exact terms of these support measures are still being worked out<sup>11</sup>.

## Regional support measures – Brussels-Capital Region

The Brussels government has made a budget of €150 million available to support the capital's economic sector, the activities of which are affected by the corona pandemic.

### One-time lump-sum premiums

The Brussels-Capital Region will grant the following premiums:

- €4.000 to each business that was forced to shut down as a result of the decisions taken by the National Security

Council and that is part of certain sectors (eating and drinking establishments (NACE 56), accommodation (NACE 55), travel agencies, tour operators, booking agencies and related activities (NACE 79) and retail trade, with the exception of food shops (including night stores), pet food shops, pharmacies, newsagents, petrol stations and fuel suppliers, as well as leisure and sports activities (NACE 92 & 93))

- €2.000 for hairdressing salons (NACE 96.021)

### City Tax

An extension has been granted on the payment deadline for the City Tax, which affects operators of tourist accommodations, for the first semester of 2020.

### Loans or guarantees

The Brussels government will support the cash flow of the affected businesses by:

- Granting government guarantees on bank loans, through the Brussels Guarantee Fund, for a total amount of €20 million;
- Offering the core suppliers of the hotel and catering industry the possibility to obtain loans at reduced interest rates, enabling them to offer payment terms to institutions in the hotel and catering sector;
- Offering businesses in the hotel and catering industry with more than 50 employees the possibility to obtain loans at reduced interest rates;
- Granting a moratorium to the affected sectors on the repayment of loans by Finance&Invest.Brussels

<sup>11</sup> [www.toerismevlaanderen.be/nieuws/coronavirus-concretesteunmaatregelen-voor-toeristische-sector](http://www.toerismevlaanderen.be/nieuws/coronavirus-concretesteunmaatregelen-voor-toeristische-sector) (webpage not available in English)



## Regional support measures - Wallonia

The Walloon government has made a budget of €350 million available to support the economic and social sectors, where they have been directly or indirectly affected by the decisions of the National Security Council.

### Compensation payments

The Walloon government will grant a one-time lump-sum premium of:

- €5.000 to all businesses that are completely closed or shut down and that are part of certain sectors (drinking and eating establishments (NACE 56), accommodation (NACE 55), travel agencies, tour operators, booking agencies and related activities (NACE 79) and retail trade (NACE 47, with the exclusion of 47.20, 47.62 and 47.73)
- €2.500 to businesses that had to adjust their closing days but that do not have to be closed the entire week (NACE 96.021)

Detailed implementation measures will be communicated shortly. Payments will in principle be made from April onwards. The amounts should in principle be tax exempt for businesses (not to be regarded as taxable income).

### Financial assistance

Walloon companies experiencing difficulties paying their water bill on time can make their payment in installments upon simple request to the Société Wallonne Des Eaux (Walloon Water Company) (SWDE).

Furthermore, €1 million has been made available for night shelters, nursing homes and social support centers that help the most underprivileged.

### Loans or bank guarantees

To alleviate the financial burden on businesses, regional institutions such as SRIW (Regional Investment Company Wallonia), SOGEPa (Walloon Management and Holding Company) and SOWALFIN (Walloon Finance and Guarantee Company for Small and Medium Sized Enterprises) will allow a general freeze of their current loans until the end of March 2020. This may be extended until the end of April 2020.

These institutions will also grant guarantees (on existing credit lines or bank loans) based on applications to be submitted by the businesses.

To meet the urgent cash flow needs of businesses, SOGEPa and Wallonie Santé will grant loans without requiring a personal contribution for a maximum amount of €200.000 with a repayment-free period of one year and a fixed interest rate of 2%.

### Premiums and subsidies

The Walloon Government has decided to extend the time limits for businesses that have entered into a commitment towards the Walloon Region (employment objectives, time limit for repayment of previous aid, etc.). Obviously, the

impact of the corona virus on the business must be demonstrated (case-by-case assessment).

## In the pipeline

### Credit loans for businesses (as well as individuals and families)

The Flemish government has asked Febelfin (i.e. the financial services industry interest group) to organize a new consultation with the financial institutions (cf. 2009). The intention is to conclude a number of agreements with the business organizations and the financial sector about the impact of the crisis on the liquidity and repayment capacity of businesses, individuals and families. The financial institutions will also set up a contact point for businesses.

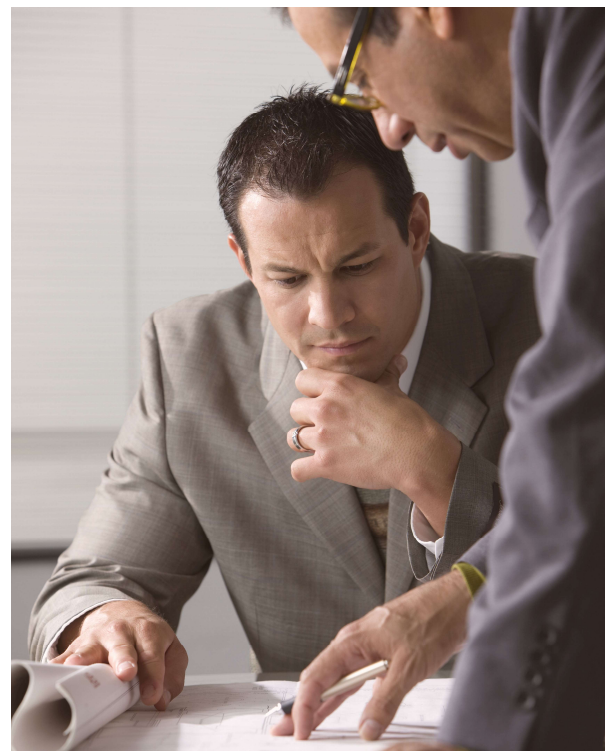
### Compensation

The Flemish government is developing a proposal for a compensation scheme for businesses that have been affected, e.g. businesses working with perishable products or seasonal goods, or who are active in the travel and events sector. The European Commission will have to grant approval for this type of support.

### Guarantee scheme in the making to safeguard loans to businesses

The Minister of Finance, Alexander De Croo, and the National Bank of Belgium will develop a guarantee scheme to ensure that companies and self-employed persons will continue to be able to obtain sufficient credit.

**Grant Thornton can provide you with more information about the above measures and guide you in the practical application/request of the above measures.**



These measures have been updated to include the announcements of 24 March 2020. In view of the many and rapid developments in this area, it cannot be excluded that additional measures will be issued.

For specialized advice please contact your trusted partner at Grant Thornton.



© 2020 Grant Thornton Accountants en Belastingconsulenten CVBA. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton International Ltd (GTIL) and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.