

## »» Newsletter: 2018 – the year in preview

January 2018

### »» Table of contents

1	Labour law measures .....	2
2	Compensation & Benefits .....	8
3	Pensions .....	11
4	GDPR .....	13

Dear reader,

In no way could 2017 be described as a quiet year. The government has not been sitting on its hands during recent months. A lot of ink has flowed describing the numerous changes that have been widely distributed via all possible channels. From super minister councils, over a summer agreement that became a Saint Nicholas agreement to finally become a winter agreement. All this has dominated topical discussions about HR. Some of the announced measures have not yet seen the light of day and are still in an embryonic phase at the parliament. We will inform you about the state of affairs as they progress.

Seeing the proverbial forest through the trees has been anything but easy: this past year for example, the Belgian State Gazette published 117,002 pages. A record.

On our more condensed pages, we present a brief overview of what this will bring. So, put your feet up and quietly read this at home as you enjoy your “me-time” during “de-connection time”.

We wish you a good read!

## 1 Labour law measures

### 1.1 Trial period 2.0?

With the “new” dismissal rules introduced on 1 January 2014, the trial period was abolished. This abolition continued to be criticised, mainly by employers.

The government has not chosen to reinstate the trial period, but soon new notice periods will be applicable in case of dismissal by the employer during the first six months of employment:

Seniority	Present	Future
< 3 months	2 weeks	1 week
3–4 months	4 weeks	3 weeks
4–5 months	4 weeks	4 weeks
5–6 months	4 weeks	5 weeks
< 9 months	6 weeks	6 weeks
< 12 months	7 weeks	7 weeks
< 15 months	8 weeks	8 weeks
< 18 months	9 weeks	9 weeks
< 21 months	10 weeks	10 weeks
< 24 months	11 weeks	11 weeks
< 3 years	12 weeks	12 weeks
< 4 years	13 weeks	13 weeks
< 5 years	15 weeks	15 weeks
5 years	18 weeks	18 weeks
6 years	21 weeks	21 weeks
7 years	24 weeks	24 weeks
8 years	27 weeks	27 weeks

This provision is still pending in the Chamber of Representatives. We will inform you as soon as the text has been approved. Our website [www.dismissal.be](http://www.dismissal.be) will be adapted to show the new notice periods.

### 1.2 Notice periods in the construction sector

When the single employment status was introduced, certain exceptions to the notice periods were formulated. On the one hand, there was a temporary deviation until 31 December 2017 for certain sectors, among which the construction sector, and on the other hand, a permanent exception for blue-collar workers from the construction sector who are employed at temporary and mobile working places. However, the Constitutional Court judged that this permanent exception is discriminatory and for this reason can no longer be applied as of 1 January 2018. The government did not manage to work out new measures before the end of the year, so the general notice periods are applicable as of 1 January 2018, including the above-mentioned new notice periods as soon as they are applicable.

### 1.3 Economic unemployment – Sanction against abuse

To prevent employers from abusing the system of economic employment and using this to outsource work to third parties, a sanction mechanism is built into the Employment Contracts Act.

When the employer suspends an employment contract due to economic reasons in circumstances that are not independent of his will, he will have to pay the employee the normal salary for the days on which he has outsourced the work – usually performed by this employee – to third parties.

*This regulation has been approved by the Chamber but still has to be published in the Belgian State Gazette.*

#### 1.4 Re-integration of long-term incapacitated employees

##### 1.4.1 Replacement of an employee who gradually returns to work

The law concerning various regulations related to work creates the possibility to engage someone with a replacement contract to replace an employee who is incapacitated to work and who has permission from the advising doctor of the healthcare insurance to partly return to work.

The replacement can only be employed for the working hours of the normal working schedule which the employee can not perform due to his incapacity to work.

*This regulation has been approved by the Chamber but still has to be published in the Belgian State Gazette.*

##### 1.4.2 Re-integration track for employees incapacitated to work started before 1 January 2016

Employees who are long-term incapacitated to work have had the possibility to start a re-integration track since 1 January 2017, regardless of the start date of their incapacity to work. However, employers could only start such a track for incapacities diagnosed as of 1 January 2016. As of 1 January 2018, the employer can also start a re-integration track for incapacities to work diagnosed before 1 January 2016.

#### 1.5 Deduction from the salary for providing facilities

An employer can not unilaterally make deductions from the employee's salary. The exceptions to this rule are listed exhaustively and explicitly in the Salary Protection Act. The employer can for example, according to the current legislation, deduct advances on salary.

The King receives the possibility to expand this list, on proposal of the competent joint committee, with amounts for facilities that are provided by the employer to the employee (e.g., housing, work clothes, etc.).

*This regulation has been approved by the Chamber but still has to be published in the Belgian State Gazette.*

#### 1.6 Working time measures

##### 1.6.1 Expansion of flexi-jobs

The system of flexi-jobs that was introduced in 2015 in the food service industry was expanded on 1 January 2018 to other industries, namely the commerce industry, the hairdressing and beauty care industry, the temporary employment in one of these industries and part of the bakery industry. Moreover, not only persons who already have a 4/5<sup>th</sup> employment with another employer, but also retired people will be able to be engaged as flexible workers. As a reminder, the flexi salary and vacation pay are exempt from taxes. Only a special employer's social contribution of 25% is due.

##### 1.6.2 Internal limit on working time also to be respected in new working time schedules

The Law of 5 March 2017 concerning feasible and manageable work raises the internal limit of the overtime to 143 hours.

The internal limit restricts the number of hours that can be performed above the average weekly working time. The internal limit can not be exceeded at any point during the reference period. If the internal limit is reached, compensatory rest must be granted before new overtime can be performed.

The legislator clarifies that this internal limit must also be respected in the framework of a new working time schedule (a so-called system of "great flexibility").

*This regulation has been approved by the Chamber but still has to be published in the Belgian State Gazette.*

#### 1.6.3 Flexibilisation procedures night and Sunday work in the e-commerce

The changes to e-commerce working are twofold.

The first entails a flexibilisation of the procedure to introduce a working schedule with night work for e-commerce businesses with a union delegation. This only concerns the schedules with night work between midnight and 5am. Until now a CBA had to be drafted with the consent of all the unions represented within the company. As of 1 January 2018, a “normal CBA” suffices, for example a company CBA that is negotiated with one union.

The second change is a special framework created for night work and Sunday work in the e-commerce. This part is only applicable to the logistic and supporting services that are connected with the electronic commerce in movable goods. Until now, the introduction of night work (work between 8pm and 6am) is possible through a modification to the work regulations. The introduction of a work schedule with night work (work between midnight and 5am) requires a modification to the work regulations in a company without union delegation and a CBA signed by all unions represented within the company if the company has a union delegation. The law provides for temporary additional possibilities for this introduction. An overview:

- Introduction of night work (work between 8pm and 6am) through the signing of a “normal” CBA;
- Introduction of a work schedule with night work (work between midnight and 5am) in a company without union delegation through the signing of a “normal” CBA;
- Introduction of a work schedule with night work (work between midnight and 5am) in a company with union delegation by modifying the work regulations;

- Introduction of Sunday work by modifying the work regulations by the signing of a “normal” CBA.

The procedures in the second change can temporarily be applied between 1 January 2018 and 31 December 2019. After that date, the introduced working schedule can only be further applied when it is confirmed by means of a “normal” CBA.

#### 1.6.4 Career interruption

In the framework of the harmonisation of the regulations in the public and the private sectors, the systems of career interruption with a work decrease by one third and one fourth are abolished. The date of entry into service, as well as the transitional measures, still have to be determined by royal decree.

#### 1.6.5 360 voluntary hours overtime in the food service industry

Employers in the food service industry who work with a registered cash system, better known as the “white register”, have the possibility to have their personnel perform up to 360 voluntary hours of overtime. This concerns an additional instrument to the existing rules according to which up to 360 overtime hours can be performed without having to recuperate these hours. The same conditions with regard to social security and tax are applicable, as well as the exemption of extra salary for overtime hours, but only for a total of 360 hours performed within the framework of either voluntary overtime hours or the existing system.

By including this raised quota in the law, it is no longer necessary to sign a sector CBA for these purposes.

Please note that this favourable measure is not applicable for employers without a white register.

*This regulation has been approved by the Chamber but still has to be published in the Belgian State Gazette.*

#### 1.6.6 Responsibilisation contribution part-time employees

For additional vacant hours employers are obliged to give priority to part-time employees that are already employed by them and enjoy an income guarantee. The legislator now introduces a sanction, in the form of a responsibilisation contribution. This contribution amounts to EUR 25 per part-time employee – with income guarantee – for each month during which the above-mentioned obligation is not respected.

In certain cases this contribution is not due.

This sanction is applicable to employment contracts signed as of 1 January 2018.

#### 1.7 Transfer from one joint committee to another

When employers and employees transfer from one joint (sub) committee to another joint (sub) committee, the CBA law guarantees the retention of the applicable salary and labour conditions. The law concerning different regulations related to work clarifies that this regulation is applicable to both employees employed before the transfer and to those who are hired after the transfer.

In addition to clarifying the existing scope of application, the law also provides for an extension of it. The principle applies not only in case of change of scope of application of a joint (sub) committee, but also in case of establishment or dissolution of a joint (sub) committee.

*This regulation has been approved by the Chamber but still has to be published in the Belgian State Gazette.*

#### 1.8 Outplacement – limitation withholding

Employees who are dismissed and are entitled to a notice period or indemnity in lieu of notice of at least 30 weeks are entitled to outplacement. In that case, the employer can deduct four weeks of the indemnity in lieu of notice, regardless of whether the employee in question exercises the right to outplacement.

In the future, the employer can no longer deduct four weeks of the indemnity in lieu of notice when the employee can not follow the outplacement for medical reasons. The employee must prove these medical reasons with a medical certificate from the physician responsible for treatment or a doctor appointed by the employer, and this within the seven days as of the day on which he was informed of his dismissal.

*This regulation has been approved by the House but still has to be published in the Belgian State Gazette.*

#### 1.9 Activation fee

Employers exempting their “older” employees from their obligation to work – with complete or partial maintenance of salary – and who are not eligible for the regime of unemployment with company allowance, will pay an activation fee as of 1 January 2018. This is to deter the practice of exemption of the obligation to work for older employees.

The percentage of allowance is determined based on the age of the employee and remains the same up until the legal pension age has been reached:

Starting age	Percentage contribution (on the gross quarterly salary)
< 55 years	20% (min. €300)
55–58 years	18% (min. €300)
58–60 years	16% (min. €300)
60–62 years	15% (min. €225.60)
> 62 years	10% (min. €225.60)

In certain cases, the employer can be exempted or the contribution percentage can be reduced e.g., when the employee starts working again or has access to training.

#### 1.10 Temporary agency work for all sectors

Soon it will no longer be possible to prohibit the employment of temporary agency workers in certain sectors. With this new provision two existing sectoral prohibitions are lifted, namely in the internal shipping (JC 139) and the removal sectors (JC 140).

*These measures are still pending before the Chamber. We will inform you as soon as the text is published.*

#### 1.11 Prevention of stress and burn-out

In order to strengthen the prevention of psychosocial risks, particularly burn-out, within undertakings, the social partners are offered the possibility (and financing) to submit projects.

The joint (sub) committees and undertakings have to strive to attain these goals. The projects cannot concern individual aspects. Examples are the organising of training, actions to raise awareness, exchange of best practices etc.

One of the causes of burn-outs is digitalisation. Smartphones, tablets and omnipresent wireless internet connections not only increase reachability, but also allow flexible working, both with regard to the place and the timing of the work. This can disturb the balance between work and private life. The committee for the prevention and protection at work (and absent this, the trade union delegation or – absent a union delegation – the employees themselves) will be consulted regularly on the de-connection of work and the use of digital means of communication. The proposals and advice from such consultation can lead to agreements which are fixed in a CBA or in the Work Rules.

*These measures are still pending before the Chamber. We will inform you as soon as the text is published.*

#### 1.12 Fight against discrimination through mystery shopping

To facilitate the collection of admissible evidence with regard to discrimination on the labour market, the social inspectors will be granted an additional aid, *mystery shopping*. This technique allows them, after a complaint or report, to investigate discriminatory practices within a specific sector or certain employer. Based on objective indications which rely on results of datamining and datamatching, inspectors can approach an employer pretending to be (potential) clients or (potential) employees. In this way, they can verify whether employees with a legally protected criterion are being discriminated against.

The use of mystery shopping is subject to certain strict conditions: it can only be applied to check on the compliance of the most important antidiscrimination laws as part of collecting evidence for a specific prosecution. Moreover, it cannot lead to entrapment, and several fundamental principles, such as the right to a fair trial, have to be respected.



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### 1.13 Electronic employment contracts and documents

The current law concerning electronic employment contracts and documents is in need of renewal due to several developments which took place in recent years, among others at EU level. At present, an electronic employment contract can only be legally deemed to be equivalent to an employment contract signed on paper when the signature is placed with the help of an electronic identity card (eID). European legislation requires Belgium to increase the possibilities. With regard to temporary agency work, these additional options were already provided and will be extended to all other types of employment contract.

In addition, the legal framework regarding electronic archiving is revised. The law provides that a copy of the employment contract concluded with an electronic signature has to be saved at the providers of an electronic archiving service. Where, in the past, this was only possible with a third party, in future the employer will be allowed to provide such a service himself if certain conditions are met (among others, regarding safety).

In the case of electronic employment contracts and documents being stored with a third party, the employer has to grant the social inspection access as soon as they ask.

*These regulations will not yet immediately enter into force. We will inform you as soon as they do.*

## 1.14 Figures

### Salary amounts

As of 1 January 2018, the following amounts apply:

Basic salary amounts	Amounts as of 1 January 2018
€16,100	€34,180
€32,200	€68,361

These salary amounts are relevant for the assessment of the validity of a non-compete clause, an arbitration clause and a schooling clause.

### Salary thresholds work permits

As of 1 January 2018, the following salary thresholds are applicable to certain types of work permit for foreign employees in Belgium:

Type work permit	Minimum gross yearly salary as of 1 January 2018
Work permit B for highly educated employees	€40,972
Work permit B for managers	€68,356
Blue Card	€52,978
Artists	€34,179

## 2 Compensation & Benefits

### 2.1 New remuneration for workers: the profit bonus

A new bonus with which the employer can motivate its employees (except for company managers) in a socially and fiscally attractive way has been introduced: the profit bonus. It offers the possibility for the company to grant (part of) its profit in bonus to its staff in the form of a collective cash bonus. It is possible to make the right to the premium dependent on a condition of seniority (maximum 1 year). In some situations, a *prorata temporis* calculation can be provided. The total amount granted may not exceed 30% of the total gross payroll for the accounting year. The bonus can not be granted in lieu of existing benefits. There are two kinds of bonus: an identical one and a categorised one. The identical bonus is an equal amount for all workers or an amount that corresponds to an identical percentage of the salary of all the workers. On the other hand, the categorised bonus is determined by an allocation key based on objective criteria.

The profit bonus is taxed at a rate of 7%.

It is not subject to ordinary social security contributions but to a solidarity contribution of 13.07% charged to the worker but withheld and paid by the employer in the same period and on the same conditions as ordinary social security contributions. There is no contribution to be paid by the employer.

The profit bonus is not tax deductible for companies (which results in a cost equal to the amount of the corporate tax).

What?	Who?	How?
Identical bonus	All workers	GM decision with simple majority of votes Statements in the minutes Written information to workers
Categorised bonus	All workers	GM decision with simple majority of votes Specific collective agreement/accession agreement compliant with the conditions of the 22.05.2011 Act Information obligation to worker's committee/ committee for prevention and protection at work/ union delegation Collective agreement/accession agreement with confirmation that introduction ≠ job reduction The employer is bound by the collective agreement on salaries for the same reference period

### 2.2 No collective bonus in case of company closure

Employers using the procedure for collective dismissal when closing down the company are no longer allowed to use the regime of the non-recurring performance-related advantages (CBA 90).



## 2.3 Salary cost reduction

### 2.3.1 Lowering of the hiring barrier thanks to starter jobs

In order to stimulate the hiring of young people aged between 18 and 20, the employer has the possibility to grant a lower gross salary than the currently applicable minimum salary.

This advantageous rule is only applicable if the following conditions are met:

- The young person can not have any professional experience. Some work periods will not be taken into account. The employer will automatically be informed of this condition at the time of the DIMONA entry declaration
- The employment contract must at least be a full-time contract
- Only for employers in the private sector
- The reduction can only be applied to the minimum salary (industry level or CBA no. 43)
- Not for student contracts
- The worker must be registered as a job seeker immediately prior to taking a starters job

The age of the worker is critical for the deduction percentage that can be applied by the employer:

Age	Deduction percentage
18 years	18%
19 years	12%
20 years	6%

On top of the reduced salary, the employer has to pay a fixed tax on a monthly basis, exempt from social security contributions and withholding tax. The amount of the fixed tax will depend on the age of the employee and the applicable minimum salary. This will be determined in a table, by royal decree. The employer will be able to recover it from the

authorities via the withholding tax. Because of the fixed tax, the employee will receive approximately the net minimum salary, despite the deduction.

*These measures are still pending before the Chamber. We will inform you as soon as the text is published.*

### 2.3.2 Shift work

Labour costs for workers with shift work or night work are subject to an exemption of the payment of a part of the withholding tax as long as certain conditions are met. In future, this exemption will no longer be calculated at the level of the individual worker; instead, the workers' group will be taken into account.

Furthermore, the definition of shift work is extended to workers working on building sites. This includes real estate works.

*These measures are still pending before the Chamber. We will inform you as soon as the text is published.*

## 2.4 Minimum remuneration of company manager

The corporate tax rate for SMEs is reduced to 20% on the first EUR 100,000 for taxable years starting no earlier than 1 January 2018. If a beneficiary undertaking does not award one of its directors an annual remuneration of EUR 45,000 (or the entire taxable result if it is less than this amount), it is then liable for a special contribution.

This contribution amounts to 10% (5% for the tax years 2018 and 2019) of the difference between the "minimum remuneration" and the highest remuneration that is granted to a company manager during the taxable period.

In such circumstances, the SME can in principle not use the advantageous corporate tax rates. The standard rates (2018: 29% + 2%

additional crisis contribution – 2020: 25%) will thus have to be applied.

## 2.5 Separate taxation of given allowances

The remunerations of workers being paid belatedly due to the authorities or a dispute are, according to the law, taxable at the average rate of the last year of usual professional occupation.

The same tax regime will soon be applied to remunerations of company managers that are belatedly paid due to the authorities or a dispute.

This regime should be applicable to allowances paid or allowed as from 1 January 2017, except for allowances for which the tax regime already exists at the time of entry into force of the modification.

*These measures are still pending before the Chamber. We will inform you as soon as the text is published.*

## 2.6 Scientific research - Adjustment of degree requirements to benefit from the withholding tax exemption

Companies conducting research and development can (subject to certain conditions) ask for an exemption of the payment of the withholding tax. Up to now, this possibility was only open to researchers with a specific master degree. Requirements as regards specific degrees are now extended. Professional bachelor degrees in some particular study fields will be taken into account.

First, an exemption of the payment of the 40% rate withholding tax on the remunerations concerned is introduced as from 1 January 2018. For remunerations paid or allowed as from 1 January 2020, the exemption for workers with bachelor degrees will rise to 80%.

However, the total amount of the exemption of payment of withholding tax for researchers with

a bachelor degree is limited based on exemptions received within the company for researchers with a master degree.

## 2.7 Deductibility of car costs

From tax year 2019, the deduction system for the personal tax system will be modified. The deduction of car costs will be settled in accordance with the provisions that currently govern corporation tax. The uniform percentage deduction of 75% will therefore disappear and the deduction percentage will now be based on CO<sub>2</sub> emissions. For cars purchased before 1 January 2013, a transitional regime will also be introduced.

The deduction on corporation tax for company vehicles will be adjusted for the 2021 tax year.

From tax year 2021, the regulations for deduction will be stricter. The deduction will no longer be based on written records. Instead, the following formula will be used: 120% - (0.5% x coefficient depending on the type of fuel x CO<sub>2</sub> emission).

The coefficient should be 1 for cars with a diesel engine, 0.95 for petrol cars and 0.90 for cars that consume natural gas (up to 11 fiscal horsepower).

The deduction may be up to 100% (the 120% rate disappears) and amounts to at least 50%. For vehicles with an emission rate greater than 200 g, the deduction is limited to 40%.

The fuel cost deduction will be determined in accordance with the other vehicle costs and the 75% uniform deduction percentage should therefore disappear.

From 1 January 2020, the system will also tackle all “fake hybrids” bought after 1 January 2018 (the date of the purchase order is decisive). A vehicle is a fake hybrid if it has a hybrid plug with a battery capacity of 0.5 kWh per 100 kg (of the weight of the car) and an

emission of more than 50 g of CO<sub>2</sub> per kilometre.

If this limit is not reached, the deduction percentage of the model “corresponding” to a combustion engine will be applied. The deduction percentage will therefore decrease significantly. If there is no similar model with conventional propulsion, the official CO<sub>2</sub> emission will be multiplied by 2.5 to calculate the deduction percentage.

The same reasoning applies to the calculation of the advantage of any kind. If a worker has a fake hybrid, it will be taxed on the basis of a much higher benefit in kind.

## 2.8 Modernisation of flat rate benefits in kind

From 1 January 2018, the flat rate benefits in kind are established as follows:

- EUR 72 per year, or EUR 6 per month, for a PC, desktop or laptop, available free of charge;
- EUR 36 per year, or EUR 3 per month, for a tablet or a cell phone (the device), available free of charge;
- EUR 60 per year, or EUR 5 per month, for a free internet connection, whether fixed or mobile;
- EUR 48 per year, or EUR 4 per month, for a free fixed or mobile phone subscription;

The benefit in kind resulting from the use of a PC, tablet or a mobile phone must be applied per device made available, and where appropriate, added.

However, the amount of a benefit in kind resulting from a free internet connection is applied regardless of the number of devices that can make use of the connection.

## 3 Pensions

### 3.1 State pensions

#### **Suspension of “unity of career” for actual working periods**

The principle of the “unity of career” determines that no more than 14,040 days can be taken into account for the state pension calculation of employees and the self-employed. This is the sum of all full-time day equivalents, among which the periods effectively worked as well as the assimilated periods, which form a full career of 45 years. A new act abolishes this restriction and determines that all days actually worked – after a career of 14,040 days – will be taken into account for the accrual of state pension rights as from 1 January 2019. The unity of career principle is further applied to the assimilated days by restraining the 14,040 most beneficial fulltime day equivalents. The assimilated days which exceed the 14,040<sup>th</sup> day will thus not generate additional state pension rights.

#### **Revision inactivity periods for pension calculation**

In the past, several periods of inactivity (e.g., unemployment, UCA) were entirely taken into account for the calculation of an employee's legal state pension by which, as a rule, a certain normal fictitious salary (the average last salary) was taken into account.

A new royal decree continues on this path and will further reduce the impact of several periods of inactivity on an employee's state pension. See our [newsletter of 6 July 2012](#).

The reform is applicable to state pensions paid as from 1 January 2019.

First, for some equivalent periods of “inactivity” after 31 December 2016, the state pension will – as a rule – be calculated on the basis of a “restricted fictitious salary” (which is the reference salary which is used as a basis to calculate the minimum right per career year,

i.e., EUR 23.841,73) instead of the normal notional salary. It concerns:

- Periods of involuntary unemployment during the second compensation period. This restriction of the notional salary does not apply when the first compensation period of the employee concerned starts in the year of his 50<sup>th</sup> birthday at the earliest.
- Periods of bridging pension, unemployment with company allowance and the pseudo-bridging pension, also after the 59<sup>th</sup> birthday.

A few exceptions and transitional measures apply for, a.o., periods of unemployment with company allowance obtained in the context of a company in difficulties or restructuring.

Second, a restriction is introduced on the possibilities to align periods of full unemployment, bridging pension, unemployment with company allowance and pseudo-bridging pension with periods of employment at the end of one's career. For pensions which start being paid as from 1 January 2019, these periods of inactivity will only be aligned for the pension calculation up to and including the 14,040<sup>th</sup> full-time equivalent of the total career. The inactivity periods after a full career of 45 years will thus not count for the pension calculation.

However, a few exceptions and transitory measures are provided for.

### 3.2 Occupational Pensions

#### **Increase in Wijninckx contribution**

As from 1 January 2018, the special social security contribution relating to occupational pensions, the so-called "Wijninckx contribution", will increase from 1.5% to 3% and this for employees as well as for the self-employed.

#### **Modification to pension plan rules**

We remind you to formally modify your existing occupational pension plan rules before 31 December 2018 in accordance with the amended Act on Occupational Pensions (AOP). Keep the information (and consultation) procedure in mind when doing so. Do not forget to increase the retirement age for employees who will enter into service as from 1 January 2019 if the retirement age in your existing (open) pension plan is still lower than the legal retirement age. See our [newsflash of 8 November 2017](#).

### 3.3 Upcoming reforms

#### **Extension of the second pension pillar for the self-employed with no company**

A full-fledged second pension pillar for self-employed - physical persons will be created. The self-employed with no company will have the possibility to accrue an occupational pension besides the Voluntary Occupational Pension for Self-employed (VOPS) via a Pension Agreement for Self-employed (PAS) and within the 80% limit. The favourable tax regime of the PAS will be modelled on the existing tax regime of the second pillar for self-employed with a company.

#### **A voluntary occupational pension for employees**

The government wants to provide employees with the possibility to accrue a free occupational pension of the second pillar, under certain conditions and on their own initiative. This voluntary occupational pension should be financed by contributions which the employer withholds from the employee's salary, at the employee's request. The employee will be able to freely determine the amount of these withholdings, taking into account certain limitations. The tax advantages should be the same as those which apply to employee's contributions paid into an occupational pension plan set up by the employer.

### **Part-time state pension**

To allow a smooth transition between full-time working and exiting the labour market, the employee would be able to partially take up his state pension and keep working to accrue additional state pension rights.

### **Individual pension saving**

The third pension pillar – the individual pension saving – will be extended. The saver can currently save an annual amount of EUR 960 (indexed amount for assessment year 2019), which results in a tax deduction of 30%. The new arrangement gives a taxpayer the possibility to save up to EUR 1230 on an annual basis (indexed amount for assessment year 2019). In that case the tax advantage decreases to 25%.

## **4 GDPR**

As of 25 May 2018, the General Data Protection Regulation (GDPR) will be applicable. As of that date, you are obliged to keep a record of all processing activities and to appoint a data protection officer. Check our website [www.gdprbelgium.be](http://www.gdprbelgium.be) for more information, among others on our data mapping tool, which can help you to be GDPR compliant in time.

The Commission for the protection of the privacy is renamed the “Data Protection Authority” and will be competent to enforce the application and implementation of the GDPR and to impose strict sanctions.

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