

## Client Alert

### Belgian Social Partners Reach Agreement on Four Key Social Topics

June 16, 2021

On Tuesday June 8, 2021, the Belgian *Group of Ten* (i.e., the consultative body of trade unions and employers, the “social partners”) reached general agreement on four social topics. This agreement follows the government’s conciliation proposal to the social partners of May 2021, whereby the government instructed the social partners to find practical solutions with respect to the following four topics.

#### 1. Increase in the minimum wage

The social partners decided to increase the minimum wage in four different steps:

1. Step 1 will take place on April 1, 2022 and focus on the harmonization and the increase in the minimum wage. The cost of the increase for employers is to be compensated for as far as possible by a reduction in social security contributions. In addition, the social partners decided to abolish the age and seniority criteria attached to the calculation of the minimum wage. As a consequence, one minimum wage will apply to all (as of April 1, 2022): 1,702.00 EUR gross per month.
2. Steps 2 and 3 are part of the fiscal reform and will take place on April 1, 2024 and April 1, 2026. The purpose is (i) to limit the additional costs for employers linked to the gross increase in the minimum wage and (ii) to ensure that the gross increases will effectively result in net increases for the employees.
3. Step 4 will take place on April 1, 2028 and involve an evaluation in view of further increases (e.g., effect of the increase on sectoral minimum wages).

**Summary:**

	Prior to April 1, 2022	April 1, 2022	April 1, 2024	April 1, 2026
<b>Gross increase paid by the employer (EUR)</b>	/	/	+ 35.00	+ 35.00
<b>Net increase for the employee (EUR)</b>	/	/	+ 50.00	+50.00
<b>CBA n°43 Monthly (EUR gross)</b>	<ul style="list-style-type: none"> <li>• 18 years: 1,625.72</li> <li>• 19 years: 1,668.86</li> <li>• 20 years: 1,688.03</li> </ul>	1,702.00	1,737.00	1,772.00
<b>CBA n°50</b>	The increase in minimum wage in CBA n°43 does not have an impact on the minimum wage of students.			
<b>Sectoral CBAs</b>	Sectoral CBAs which set higher minimum wages remain unchanged.			

## 2. Flexibility measures

The social partners have agreed on the following flexibility measures:

Measures	Applicable year(s)	Companies concerned?
<p><b>120 extra voluntary overtime hours (so-called “recovery hours – corona”)</b></p> <ul style="list-style-type: none"> <li>• no compensatory rest</li> <li>• no (extra) overtime pay</li> <li>• no effect on the calculation of working time and internal limits</li> <li>• tax exempt for the employee</li> <li>• no related social security contributions</li> </ul>	2021 and 2022	<ul style="list-style-type: none"> <li>• <u>2021</u>: 120 hours for all companies. For companies in essential sectors, number of hours based on remaining balance (i.e., takes into account overtime hours already worked in Q1 and Q2 of 2021).</li> <li>• <u>2022</u>: new balance of 120 extra voluntary overtime hours.</li> </ul>
<p><b>180 tax-friendly overtime hours (instead of 130)</b></p> <ul style="list-style-type: none"> <li>• Exemption of payment of withholding taxes for companies</li> <li>• tax reduction for employees</li> </ul>	Until June 30, 2023	For all companies
<p><b>CBA n°148: economic unemployment for white collar employees</b></p>	Until June 30, 2023	Supplemental scheme for all employers of white collar employees: economic unemployment with a minimum daily complement of 5.63 EUR.

## 3. Unemployment with company allowance scheme (UCA)

The social partners decided on the following points with regard to unemployment with company allowance schemes:

Applicable UCA scheme	Age requirement to access UCA (the CBAs have been extended until June 30, 2023)	Age requirement "availability" (the CBAs have been extended until December 31, 2024)
Heavy jobs, night work, construction (career of 33 years)	60 years	62 years, or career of 42 years
Heavy jobs (career of 35 years)		
Companies in difficulties and in restructuring		
Medical issues	58 years	/
End-of-career <ul style="list-style-type: none"> <li>- Heavy job</li> <li>- Long career</li> <li>- Company in difficulties/restructuring</li> </ul> ⇒ Intention is not to push employees out of the labor market, but to facilitate an end-of-career UCA scheme for specific groups ⇒ Still to be negotiated at sector and/or company level	55 years for 1/5 <sup>th</sup> or ½ reductions	/

#### 4. Harmonization of supplementary pensions of blue and white collar employees

The social partners have decided:

- to postpone the deadline for the harmonization of the supplementary pensions of blue and white collar employees. The deadline is now January 1, 2030 (instead of January 1, 2025);
- to set a new deadline for the deposit of sectoral CBAs: January 1, 2027 (instead of January 1, 2023)
- for the years 2021-2022, to request that the joint committees make concrete efforts towards harmonizing the pension schemes;
- for the years 2023-2028, to devote part of the wage margin (at least 0.1%) to the harmonization;
- to maintain the status quo regarding the (para)fiscal rules (e.g., 8.86% of employer's social security contributions); and
- to preserve the employee's choice between a lump sum or an annuity.

## 5. Next steps?

The agreement reached between the social partners still has to be formally approved by the trade unions and by the board of directors of the Federation of Belgian Companies. This approval is expected to be given by the end of June 2021.

In addition, a royal decree from the federal government can be expected, in which the wage norm of 0.4% for the upcoming two years will be fixed.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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