

Report to the federal Parliament: Non-recurring result-based benefits - An incentive scheme for employee performance



The Belgian Court of Audit carried out an audit of the salary bonus granted by employers to reward their employees for achieving some collective objectives. This system was introduced in 2008 and relies on favourable social and tax conditions such as specific social contribution rates and a tax exemption up to a certain amount. Several public actors are involved in the process as far as it comes to register the bonus plans introduced by employers, check the compliance of the plans with the regulations and ensure that the thresholds imposed to be entitled to the special social and tax conditions are not exceeded.

The system of non-recurring result-based benefits is facing a significant and growing success. In 2019, nearly 580,000 employees in the private sector received a non-recurring net benefit of 1,062 euros on average. This system generates revenue for the State: in 2019, the specific social contributions collected on the benefits granted amounted to 326.5 million euros. It also involves tax expenditure due to the tax exemption allowed for these benefits (up to 2,998 euros in 2021): 284 million euros as far as 2018 income is concerned.

The Court of Audit recommends modifying the procedure, so that decisions relating to bonus plans can be taken more quickly. Another recommendation is to define a control policy regarding the application of the specific social contribution rates to the non-recurring result-based benefits and the tax exemption. Finally, the Court recommends an overall assessment of the system of non-recurring result-based benefits, in order to identify its costs and advantages, the beneficiary profile, the potential improvements and the other public policies that could be implemented.