

Report to the Federal Parliament:

First Recruitments – ‘Target Group Reduction’ of Employer Social Security Contributions

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In its report to the Federal Parliament, the Belgian Court of Audit examines whether the ‘target group reduction’ of employer social security contributions for the first employee recruited meets its objectives.

Since 1st January 2016, employers have been fully exempted from social security contributions for the first employee recruited, without any restriction in time. The system is meant to encourage employers to recruit their first employee, increase employment and reinforce business viability. The Court of Audit notes that, since the measure was introduced, the costs have increased considerably whilst nothing indicates that employment has improved. The measure seems therefore less cost-efficient than the fixed reduction for first recruitments. It sometimes even misses the point, in that such reduction happens to be granted for very high wages or larger employers as well. The National Social Security Office endeavours to prevent improper use of the reduction, but due to substantial workload and complex regulations, it is unable to sufficiently look into all kinds of misuse.

The Court of Audit recommends assessing whether a fixed time-limited reduction would be more appropriate as it is more cost-efficient and entails less risks of improper use.