



Newsflash

Yearly Premium (JC 200): replacement by equivalent benefits - Update

Laga's [newsflash of 7 December 2015](#) elaborated on the NSSO's position that no social security contributions are due if the EUR 250.00 yearly premium in JC 200 (**yearly premium**) is replaced by luncheon and/or eco-vouchers, provided this is done before 1 January 2016.

The NSSO has now re-confirmed this position in response to a question on whether social security contributions are due on luncheon or eco-vouchers granted instead of the yearly premium between 1 January 2016 and the start of the new reference period on 1 June 2016.

According to the NSSO, the yearly premium constitutes an *existing benefit* as from 1 January 2016, resulting in social security contributions being due. The NSSO rejects the argument that the right to the yearly premium is acquired gradually from the start of a new reference period, which would imply that the yearly premium could be replaced before the start of each new reference period by luncheon or eco-vouchers without social security contributions being due.

Consequently, employers who have not replaced the yearly premium by luncheon and/or eco-vouchers before 1 January 2016 no longer have the opportunity to do so *unless* they have paid social security contributions on the granted luncheon and/or eco-vouchers.

What does this mean?

The NSSO's position does not affect employers' liberty to opt to replace the yearly premium with an equivalent benefit, resulting in the yearly premium no longer being applicable. Nonetheless, if employers opt for luncheon and eco-vouchers, these will be subject to social security contributions if awarded after 1 January 2016.

As this affects the attractiveness of luncheon and eco-vouchers as equivalent benefits, employers may consider other purchasing power enhancing benefits that are more manageable from an administrative point of view (such as a monthly salary raise).

Employers who have replaced the yearly premium with luncheon and/or eco-vouchers after 1 January 2016, without paying social security contributions, accumulate social liabilities which could lead to specific penalties (surcharges, late payment interests and administrative fines). These can only be avoided by regularising the past and future situation.

Stijn Demeestere, Advocaat-vennoot/Avocat associé, Tel.: + 32 2 800 71 42, E-mail: sdemeestere@laga.be

Valérie Vuurstaek, Advocaat/Avocat, Tel.: + 32 2 800 70 17, E-mail: vvuurstaek@laga.be

Heleen Franco, Advocaat/Avocat, Tel.: + 32 2 800 71 58; E-mail: hfranco@laga.be



Laga

Berkenlaan 8B
1831 Diegem
Belgium

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