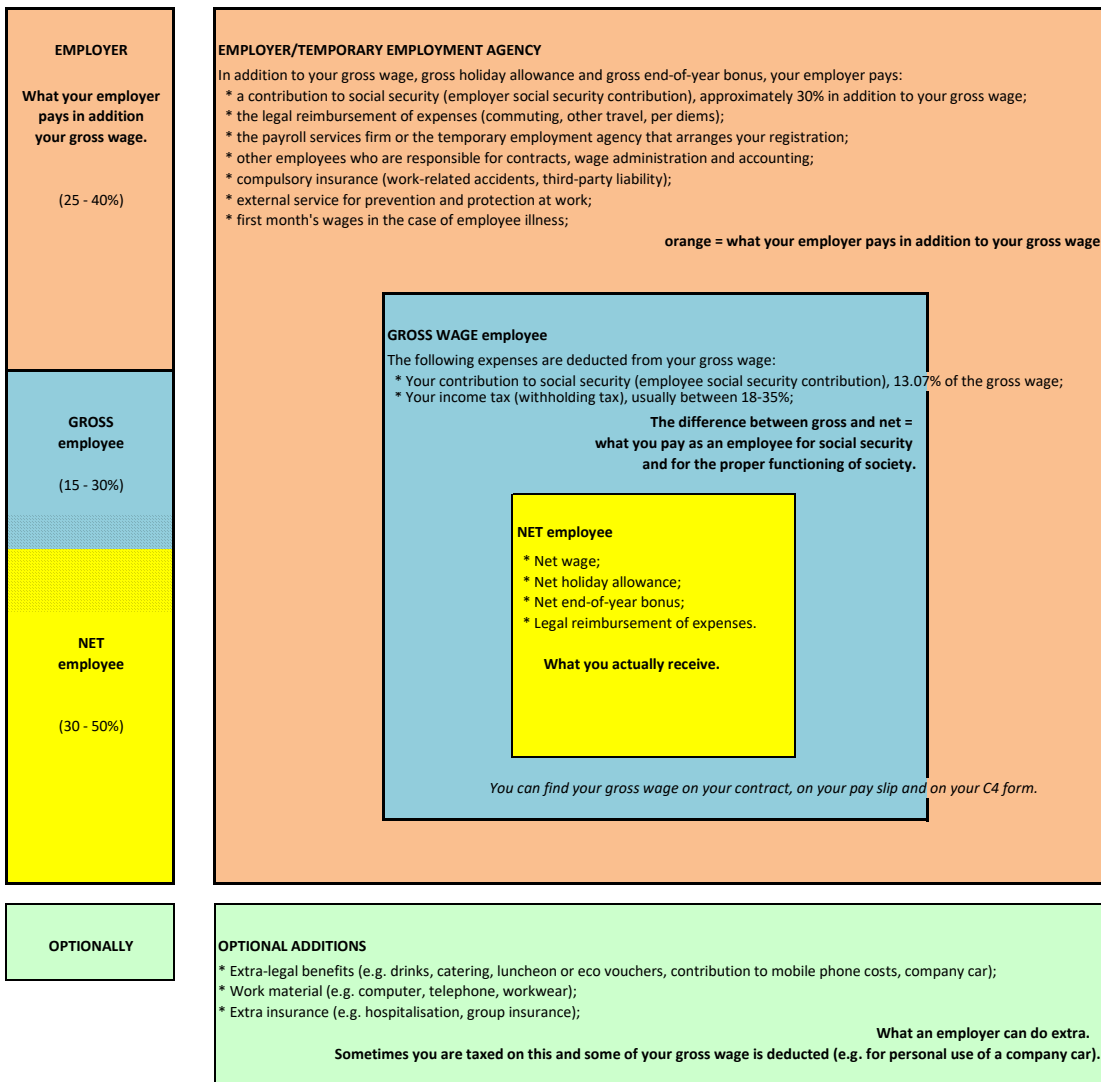


In relation to (approximately)

**The wage costs babushka**

Your net wage is part of your gross wage and your gross wage is part of all the costs that your employer pays.



**NET**

What you receive as a salaried employee will be paid to your account at different times:

- 1/ Your wages at the end of the month (temporary employment agencies pay out weekly);
- 2/ Your holiday allowance in the following year (both ordinary wages and an extra amount per holiday day);
- 3/ Your end-of-year bonus at the end of the year (with temporary employment agencies only if you work 65 days/year as a temporary worker);
- 4/ In addition, you may be reimbursed for expenses, either on the basis of actual expenditure or on a flat-rate basis (e.g. per diem, kilometre allowance). The latter is of course not a wage but a reimbursement of actual or estimated costs specific to the employer.

**SOCIAL SECURITY CONTRIBUTION**

Both the employee and the employer pay a social security contribution.

**These contributions are used, among other things, for unemployment benefits, sickness benefits and for pensions.**

If you make use of your right to unemployment benefits, you yourself are benefiting from this. And conversely, there would be no unemployment benefits without your social security contributions.

Your contribution as an employee is 13.07% of your gross wage and is automatically deducted (difference between gross and net).

Your employer's contribution to social security is approximately 30% in addition to your gross wage.

The correct percentage that your employer pays depends on the amount of the wages and the number of employees in the organisation, of certain discounts (e.g. for artists) and of the tax shift (the percentage decreases slowly).

The employer's social security contribution largely explains the difference between gross wages and wage costs.

**WITHHOLDING TAX**

The withholding tax that is automatically deducted from your gross wage is an advance payment of your income tax.

Together with your own social security contribution, this explains the difference between your gross wage and your net wage.

**Income tax is used among others for education, public transport, defence, civil servants ... and culture.**

If you work with (project) subsidies from the Flemish community or a city, you yourself are benefiting from this.

And conversely, there would be no subsidies (at all) for culture without (your) income taxes.

Suppose that your income tax is not automatically deducted when your wages are paid.

You would then have to put aside (a lot of) money yourself to pay this tax to the state in instalments or at the end of the year.

This is done in some countries, but in Belgium only for the self-employed.

The amount of your income tax is calculated on the total of all your gross wages over 1 year.

This takes into account children or other dependants, professional expenses and what your partner earns, but roughly you can say that the higher your gross income, the higher the percentage you pay in income tax.

If you have very low income, you pay 0%; if you have very high income, you can pay up to 50% income tax.

The ratio between gross and net therefore varies per person/year, see the shaded zone in the bar on the left (the dots).

If your wage is low or average, you retain more than half of your gross wage;

if your wage is high, you retain less than half of your gross wage.

The withholding tax that is automatically deducted from your gross wage is an ESTIMATE of your income tax.

In this estimate, the payroll services firm/temporary employment agency assumes that your monthly wage x 12 represents your total annual income.

- \* for permanent employees with the same gross wage and no additional income, this is quite accurate;
- \* for artists who are not permanent employees but are not entitled to benefits, the withholding tax is usually too high;
- \* for artists who partly work and partly receive unemployment benefits, the withholding tax is usually too low.

After all, little or no withholding tax is withheld on social benefits, while the percentage is subject to income tax will be higher for the whole year due to the income from your freelance jobs.

As a result, you may have to pay considerable extra taxes once the final calculation has been made.

You can avoid having to pay additional taxes due to the combination work/benefits by:

- \* requesting in any case that 10.09% be deducted from your unemployment benefit (that is the maximum allowed by the National Employment Office);
- \* asking your employer or temporary employment agency to deduct more withholding tax from your gross wage than necessary (e.g. 30 to 35%).

In this case, while you will retain less net remuneration from your freelance work, you avoid a nasty surprise a year later.

If at the end of the year it turns out that you paid too much in advance, you will of course receive that amount back (tax refund).

In any case, don't be fooled by temporary employment agencies that deliberately set the withholding tax on earned income too low, so that you as freelance artist think you're at a good agency where your net remuneration appears to be greater than elsewhere - #humbug.

Use this link to calculate your approximate net wage (your ordinary wage without holiday allowance and end-of-year bonus):

<https://www.jobat.be/nl/test/bruto-netto-calculator/>

If your net income is higher than this, you can assume that you will have to pay additional taxes.

## EXPENSES

Your employer is obliged to reimburse certain expenses you incur:

- \* part of your commute when you work on site at your employer (calculated on the basis of a train season ticket);
- \* the full amount of travel costs if you need to be elsewhere than at your employer's location;
- \* meals when travelling (unless a meal is provided);
- \* expenses that you make very specifically for that work (for example, you buy certain props for a production).

Cost reimbursement is usually based on the original invoices, receipts or (train) tickets that you submit.

Some expenses may also be reimbursed 'at a flat rate' = for an agreed amount without the need for proof.

For example, if your employer does not provide meals and you do not have a receipt for a meal, you are entitled to a per diem.

If you drive to a venue in your own car, you are entitled to a flat-rate per kilometre allowance (0.346 euro/km).

You cannot be reimbursed twice for expenses, for example by submitting a receipt for a meal and receiving a per diem.

Double reimbursement is also not permitted when multiple parties are involved (venue, client, temporary employment agency).

If your expenses have already been refunded by your client or you will be offered a meal at the venue,

then clearly inform your temporary employment agency that your expenses have already been reimbursed.

If you do not do this, both you and your client risk fines because the double refund is considered hidden wages,

and social contributions and income taxes must be paid on wages.

Again: don't be fooled by temporary employment agencies that by default propose to 'optimise' your income by converting part of the invoice amount into expenses; this can cause problems for both you and your client.

If you're working with task-related remuneration, it's a very dumb move: the extra days that work with task-related remuneration can mean for your entitlement to benefits or artist status are based on your gross wage, and this decreases if expenses are deducted from it.