

BELGIUM

1. Overview of the system

The unemployed receive a replacement income from the unemployment insurance scheme if they meet certain conditions regarding prior contributions to the scheme. For people who have no means of supporting themselves, there is a subsistence income called the *minimum de moyens d'existence* (*Minimex* for short). Persons with one or several dependent children are entitled to basic family allowances which may be topped up by a means-tested supplement -- the *allocation familiale garantie* (*AFG*) for those who have no occupational cover. There is no housing benefit. The tax unit is the household. However, spouses who both have earned income and/or replacement income are taxed separately on their income. The estimated average production worker wage in 1995 was BF 1 050 927.

2. Unemployment insurance

2.1 Conditions for receipt

- have reached the leaving age for compulsory schooling and not have reached retirement age;
- be involuntarily unemployed;
- have no job or remuneration;
- be fit to work, available to do so and be looking for a job (*i.e.* registered as a job-seeker);
- sign on at the unemployment office.

2.1.1 Employment conditions

The person must be able to show that he/she was employed for given number of days (*période de stage*) during a given period (reference period). The number of days required and the reference period increase with the age of the worker.

Age	Number of days	Reference period required
Under 36	312	18 months
36 - 49	468	27 months
50+	624	36 months

2.1.2 Contribution conditions

When calculating the *période de stage*, only days in respect of which social security contributions, including those for unemployment insurance, were paid, or days treated as being equivalent, are taken into account.

2.2 Calculation of benefit amount

2.2.1 Calculation of gross benefit

The gross daily unemployment benefit is obtained by multiplying the gross daily salary which was previously earned -- up to a given ceiling -- by a percentage called the “unemployment benefit rate”. The rates for the various categories of unemployed are shown in the table below. However, the figure thereby obtained is sometimes replaced by a statutory floor rate if it is below that minimum.¹

Unemployment benefit rates (percentage)

		Single person ^a	Cohabitants with dependants ^b	Cohabitants ^c
1st period	1st year	60	60	55
2nd period	2nd year			
	first 3 months	42	60	35
3rd period	2nd year after the first 3 months (with the possibility of an extension)	42	60	standard allowance/35 ^d

- Single: worker who lives alone.
- With dependants: worker who cohabits with one or several people who have neither an earned income nor replacement income.
- Cohabitant: worker who is neither single nor a cohabitant with dependants. Cohabitants are people living together under the same roof who share most household tasks.
- 35 per cent if the beneficiary can show that he/she has worked for 20 years, or 33 per cent in the event of permanent disability. Moreover, subject to certain conditions, a cohabitant’s unemployment benefit can be suspended if the duration of his/her unemployment exceeds twice the average regional duration of unemployment for their age category or sex.

Unemployment benefit is paid for a maximum of 26 days per month.

1. *i.e.* less than the floor rate. In short, there is both a maximum and minimum benefit.

The reference gross daily wage used to calculate gross unemployment benefit is BF 2 149.06 maximum.

Minimum daily unemployment benefits (with monthly benefits in brackets)

Duration	Single person	Cohabitants with dependants	Cohabitants
1st period: 12 months minimum	810 (21 060)	1 132 (29 432)	646 (16 796)
2nd period: 3 months + 3 months per insured year minimum	810 (21 060)	1 132 (29 432)	646 (16 796)
3rd period: unlimited minimum	810 (21 060)	1 132 (29 432)	482 ^a (12 532) 643 ^b (16 718)

a. Flat-rate amount.

b. Flat-rate amount + BF 161 a day (supplement when the unemployed person and spouse get only daily benefits which together do not exceed FF 1 289 = maximum benefit for first twelve months.

2.2.2. *Income and earnings disregards*

An unemployed person is allowed to take up the following gainful activities:

1. with continuing entitlement to unemployment benefit, subject to certain conditions and up to certain financial limits, “accessory” employment or self-employment *i.e.* compatible with the simultaneous exercise of a “main” occupation which the unemployed person already exercised before becoming unemployed;
2. “occasional” work on an intermittent basis and for limited number of days during the same month, with loss of unemployment benefit for those days but continuing entitlement in principle to benefit for the other days of the month.

These (limited) possibilities of drawing unemployment benefit while engaging in a gainful activity are allowed so as to enable the unemployed to keep in touch with the labour market and to make it easier for workers to change occupation if they decide to do so of their own accord. However, benefit entitlement can always be withdrawn by the director of the unemployment office even for days when the unemployed person is not working, for example when the income received is of an amount such that it is considered that the work is not, or is no longer, of an “accessory” or “occasional” nature.²

1. activities exercised within the framework of “local employment agencies”, such as the provision of help in the home, accompanying children and the sick, help with administrative formalities, gardening, etc., which are outside the normal labour market and do not compete with them. The unemployed person is allowed to devote up to

2. The mention that the assent of a “consultative commission” is required before the benefit is withdrawn should be deleted since these commissions were done away with in August 1994, with effect from 6 September 1994.

45 hours per month to such activities and receives a supplementary allowance of BF 150 per hour, which is paid at the same time as the unemployment benefit.

The “local employment agencies” are non-profit-making association which were set up in the communes or groups of communes in order to meet certain needs which were not satisfied by the normal labour market, and to provide jobs for the long-term unemployed whom it is difficult to get back into the labour market.

2.3 *Tax treatment of benefit*

Benefit is taxable but tax allowances exist (see Section 10.1). Unemployment benefit is not liable to social security contributions.

2.4 *Benefit duration*

See Section 2.2.1

2.5 *Treatment of particular groups*

2.5.1 *Young persons*

Young persons claiming benefit after the end of their studies can qualify for interim benefit at the end of a waiting period consisting of days of work and/or days of being registered as a job-seeker, the number of which required varies according to their age:

Age	Length of waiting period on completion of studies
Under 18	155 days
18-25	233 days
26-29	310 days

Daily amount of interim benefit (monthly amount in brackets)

Age	Single person	Cohabitants with dependants	Cohabitants	(a)
21-29	640 (16 640)	1 132 (29 432)	440 (11 440)	469 (12 194)
18-20	495 (12 870)	1 132 (29 432)	440 (11 440)	469 (12 194)
Under 18	315 (8 190)	1 132 (29 432)	276 (7 176)	292 (7 592)

a. If the unemployed person and spouse have only replacement income.

2.5.2 *Older workers*

Subject to certain conditions of eligibility, older workers can obtain:

- a) a bridging pension (*pré-pension conventionnelle*): the purpose of this is to enable certain older workers who have been made redundant and who meet the conditions of eligibility

set out in Section 2.1.1 above, to receive, provided that a collective agreement has been signed for that purpose, a supplementary allowance in addition to unemployment benefit³, the cost of which is borne by the employer, who is obliged to replace the redundant worker by a fully unemployed person in receipt of benefit. On average, the working conditions of the unemployed worker taken on are the same as those of the worker who has been given the bridging pension (though this obligation does not apply if the worker given earlier retirement is at least 60). To qualify for the bridging pension, the requirements are:

Age	Number of years in dependent employment
55-57	33
58-59	25
60-64	20
(or 10 in the same sector)	

The amount of the supplementary compensation is equal to half the difference between the reference net remuneration (= gross monthly wage up BF 97 475 -- employee social security contributions -- income tax deducted at source) and unemployment benefit. It is index-linked. In principle, the recipient of the bridging pension receives unemployment benefit at the rate of 60 per cent of the foregone income up to a given amount irrespective of the composition of the household and the duration of unemployment. The bridging pension consisting of unemployment benefit and the supplementary allowance is paid in principle up to retirement age. At national level, a collective agreement of July 1993 laid the framework for a half-time bridging pension. This guarantees to a 55-year-old worker -- who has been employed for 25 years, who meets the conditions of eligibility listed in 2.1.1 and who, with the agreement of his employer, goes half-time and is replaced when he is under 60 for half of his previous work time by a fully unemployed person receiving benefit or person treated as such -- a daily flat-rate unemployment benefit of BF 446 (on average BF 11 596 per month) supplemented by an allowance paid by the employer, such that his total combined income is half-way between the income he would receive if he had a full-time bridging pension and the wage he received before going half-time.

b) a tenure supplement: conditions of eligibility:

- be at least 50;
- be able to prove that one has been in employment for 20 years;
- have been fully unemployed for at least a year;
- not be receiving the *pré-pension conventionnelle* or a border worker's bridging pension (supplementary benefit paid to older border workers who have been made redundant).

3. It should be emphasised that the *pré-pension conventionnelle* is separate from unemployment insurance and old-age insurance.

**Daily amounts of unemployment benefit with tenure supplement
(monthly amounts in brackets)**

	Single person ^a		Cohabitants with dependants ^a	Cohabitants ^a	
	50 - 54	55 ^b - 64		50 - 54	55 ^b - 64
After 12 months					
maximum	1 171 (30 446)	1 289 (33 514)	1 424 (37 024)	913 (23 738)	1 289 (33 514)
minimum	1 040 (27 040)	1 145 (29 770)	1 243 (32 318)	801 (20 826)	1 132 (29 432)
After 15 months with the possibility of an extension				623 (16 198) ^c	784 (20 384) ^d

a. These categories are defined in Section 2.2.1.

b. 55 or if 52 before 1 January 1994 and fully unemployed and in receipt of a benefit in 1990.

c. Flat-rate amount + BF 141 per day (tenure supplement).

d. Flat-rate amount with supplement of BF 161 + BF 141 per day (tenure) for the unemployed able to show 20 years of employment.

3. Unemployment assistance

None.

4. Social assistance

The minimum income consists primarily of four allowances:

- *Revenu de Moyens d'Existence et de l'Intégration* (Minimex).
- Guaranteed income for the elderly.
- Handicapped persons' allowance.
- *Allocation Familiale Garantie* (AFG).

Only the Minimex and the AFG are described in this study.

4.1 Conditions for receipt

The Minimex is means-tested, *i.e.* it is paid only to people whose income does not exceed a certain amount. The minimum age is 18 or less if the person has at least one dependent child.

The AFG is paid solely to persons with a dependent child or children under 18 (or under 25 if they are still studying) who are not covered by any other family allowances scheme. The allowance varies according to the income level of the beneficiaries, *i.e.* there is a sort of means-testing.

4.2 Calculation of benefit amount

4.2.1 Calculation of gross benefit

- Minimex:

Family situation	Amount (BF per month)
Single person	20 103
Couple or lone parent	26 805
Cohabitants (per person)	13 402

- AFG:

Amount per child (BF per month)	Under 6	6-11	12-15	16 and over
1st child	3 925	4 829	5 306	5 613
2nd child	5 634	6 538	7 014	7 322
3rd and following child	7 329	8 233	8 709	9 017

4.2.2. Income and earnings disregards

Minimex: in order to encourage recipients of the Minimex to look for a job, an exemption is granted on earned income corresponding in terms of net income (gross income -- tax -- social security contributions) to BF 12 500 a month for heads of household with a dependent child or children, and to BF 10 000 a month for other recipients. Above these amounts, every franc earned is deducted from the Minimex. The following are disregarded:

- family allowances;
- student grants;
- social services provided by local welfare services;
- alimony for dependent minors;
- occasional donations from persons not legally bound to maintain the recipient;
- Minimex claims.

AFG: this is awarded on the basis of quarterly taxable net income (gross income -- social security contributions -- expenses).

Taxable net income (BF per quarter)	Amount (% of AFG)
0 - 83 542	100
83 542 - 91 272	75
91 272 - 99 001	50
99 001 - 106 731	25
106 731 and over	0

Note: “Taxable net income” is increased by 20 per cent for every additional child after the second child.

4.3 Tax treatment of benefits

Non-taxable.

4.4 Benefit duration

Unlimited provided the conditions of eligibility are met.

4.5 Treatment of particular groups

4.5.1 Young persons

None.

4.5.2 Older workers

The amounts of the guaranteed income for older workers are similar to those of the Minimex except for lone parents, who are treated as single persons.

5. Housing benefits

There are no direct housing benefits. However, there is assistance for first-time home purchase and low-rent social housing, the amount of rent varying according to the tenant’s income.

6. Family benefits

6.1 Conditions of receipt

Have a dependent child under 18 or under 25 if still studying.

6.2 Calculation of benefit amount

6.2.1 Calculation of gross benefit

Amount per child (BF a month)	Under 6	6-11	12-15	16 and over
1st child	2 601	3 505	3 981	4 289
2nd child	4 813	5 717	6 193	6 501
3rd and following child	7 185	8 089	8 565	8 873

Family allowances are increased for the unemployed with a dependent child or children, from the 7th month of unemployment; the amounts are the same as the guaranteed family allowances (see Section 4.2.1).

6.2.2 Income and earnings disregards

Universal non-means-tested benefit.

6.3 Tax treatment of benefit

Non-taxable.

6.4 Benefit duration

For the period during which the recipient has either earned or replacement income.

6.5 Treatment of particular groups

Family allowances may be adjusted according to the socio-occupational status of the person. There are also special allowances for disabled or handicapped children.

7. Child-care benefits

None. Schooling is free for children over the age of three.

8. Employment-conditional benefits

None.

9. Lone-parent benefits

None.

10. Tax system

10.1 *Income tax rate schedule*

Taxable income is calculated from gross income in the following order:

- deduction of social security contributions;
- deduction of allowances;
- application of the marital quotient;
- tax schedule;
- exempted band;
- tax relief on replacement income;
- additional taxes.

10.1.1 *Tax allowances*

Social security contributions except for the special social security contribution can be deducted. Unemployment benefit is taxed on the gross amount since no social security contributions are paid. Income less contributions is called the “taxable gross income”.

Flat-rate allowances are given (up to a maximum of BF 110 000) on taxable gross income as defined above:

Taxable gross income	Rate
0 - 165 000	20
165 000 - 330 000	10
330 000 - 550 000	5
550 000 +	3

Actual expenses are taken into account if they are higher. They are deducted from all categories of income, including replacement income.

10.1.2 *The definition of taxable income*

Taxable income equals earnings minus tax allowances.

10.1.3 *Marital quotient*

In principle, spouses are taxed separately. When one spouse has no earned income, or own income (taxable gross income less flat-rate expenses) not exceeding 30 per cent of the total earned

income of the couple (the total of taxable gross income less flat-rate allowances), 30 per cent of the total taxable gross income less flat-rate allowances can be charged to that spouse up to a maximum amount of BF 297 000.

10.1.4 *The tax schedule*

The tax schedule is applied separately to the earned income of each spouse or after application of the marital quotient.

Taxable income (in BF per year)	Marginal rate (%)
0 - 253 000	25.0
253 000 - 335 000	30.0
335 000 - 478 000	40.0
478 000 - 1 100 000	45.0
1 100 000 - 1 650 000	50.0
1 650 000 - 2 420 000	52.5
2 420 000 +	55.0

10.1.5 *Exempted proportion*

This varies according to family situation:

Family situation	Exempted amounts (BF per year)
Single	196 000
Spouse	154 000
Increment for dependent child	
1 child	41 000
2 children	107 000
3 children	240 000
4 children	388 000
5 children	536 000
Other increments	
Lone parent	41 000

The basic exemption applies to the income of each spouse and is transferable if the income of one spouse does not exceed BF 154 000. The additional exemptions are applied normally to the highest earned income, and are also transferable. In all cases, the exemptions are applied from the bottom-up.

10.1.6 *Tax exemption on replacement income*

Unemployment benefits enjoy a basic tax exemption of BF 59 653 for a single person and BF 69 653 for a couple. One exemption is authorised per household. The basic exemption varies according to:

- the overall taxable income;

Overall taxable income (in BF per year)	Basic exemption (RB)
0 - 660 000	Basic exemption
660 000 - 825 000	[Basic exemption x (825 000 - overall taxable income/165 000)]
825 000 +	0

- the share of the net amount of unemployment benefit in the households' total net income;
- the tax liability after taking account of the exempted proportions in relation to the net unemployment benefit.

An additional exemption which reduces the tax liability to zero is granted when the household income is composed solely either of unemployment benefit for older workers up to the amount of FF 444 288 or of other unemployment benefits or replacement income not exceeding BF 402 168.

10.1.7 Additional taxes

The resulting tax liability is increased by:

- the supplementary “crisis” contribution of 3 per cent;
- local taxes at an average rate of 7 per cent.

10.2 Treatment of family income

See the marital quotient in Section 10.1.3.

10.3 Social security contribution schedule

Contribution	Rate (% of gross wage)
Unemployment	0.87
Sickness	1.15
Health	3.55
Pensions	7.50
Total	13.07

Unemployment benefit is exempted from social security contributions. However, special social contributions and employer contributions are payable on full-time and half-time bridging pensions.

There is also a special contribution based on overall taxable income.

Overall taxable income	Amount (BF per year)
0 - 749 999	0
750 000 - 828 999	4 200
829 000 - 1 119 999	9 000
1 120 000 - 1 410 999	12 000
1 411 000 - 1 999 999	18 000
2 000 000 and over, and spouse with earned income	19 800
2 000 000 and over, and spouse without earned income	24 000

11. Part-time work

11.1 Special benefit rules for part-time work

At 31 December 1995, a fully-unemployed person in receipt of benefit who accepts a part-time job could:

- a) have the status of part-time worker and maintain his benefit entitlement and;
- b) possibly receive income support;

Conditions of eligibility for part-time work with maintenance of rights:

- have accepted working hours equal (save exemption) to at least one-third of the hours for a full-time job;
- at the start of the part-time job, be involuntarily unemployed and meet the conditions of eligibility for full-time unemployment benefits, or be in a similar situation;
- apply for the status of part-time worker with maintenance of benefit entitlement within a period of two months starting the day after the day of commencing part-time work.

The advantages of having the status of part-time worker with maintenance of entitlement are the following:

- if the worker loses his part-time job, he can start to draw benefit again for every day of the week (except Sunday). The amount of the benefit is calculated on the basis of the remuneration prior to the part-time job;
- his rights cannot be suspended for long-term unemployment. However, the periods during which he receives the income support are taken into account when calculating the

duration of his unemployment for the application of a possible suspension when he becomes fully-unemployed again.

There are exceptional conditions of eligibility for income support during the period of part-time work.

The worker *can* claim income support during the period of part-time work provided that:

- the average number of hours worked does not exceed 75 per cent of the number of hours for a full-time job;
- his gross monthly remuneration is less than reference gross monthly wage (BF 41 660 at 31 December 1995 for over-21 year-old;
- his net wage from the part-time work is not higher than his normal unemployment benefit, increased by BF 5 200 for a worker with dependants, by BF 3 120 for a single persons and by BF 1 040 for a cohabiter;
- he informs the placement office that he has a part-time job and that he registers as looking for a full-time job in the two months from the moment he starts the part-time job;
- he submits an application to his employer to be given priority for a full-time job if one becomes vacant.

The purpose of this measure is to give a fully-unemployed worker in receipt of benefit who takes a part-time job, a total income (part-time wage + income support) which is higher than full-time unemployment benefit.

11.2 Special tax and social security contributions rules for part-time work

None.

12. Policy developments

12.1 Policy changes introduced in the last year

None.

12.2 Policy changes announced

None.

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The annual tax/benefit position of an unemployed single person, 1995 (Belgium francs)

	Unemployment insurance (1 year)	Unemployment insurance (60th months)
A. Taxable benefits		
Means-tested benefits		
Non-means tested benefits		
Unemployment insurance	402 304	281 613
Total taxable benefits	402 304	281 613
B. Income tax and social security contributions		
Income tax allowances	0	0
Taxable income	402 304	281 736
Taxes	114 771	71 834
Exempted proportion	49 000	49 000
Tax exemptions on replacement income	59 653	59 653
Supplementary exemption	0	0
Supplementary "crisis" contribution	183	0
Local taxes	428	0
Social security contributions	0	0
Total income tax and social security contributions	6 729	0
C. Non-taxable benefits		
Means-tested benefits		
Minimex	0	0
AFG	0	0
Non-means tested benefits		
Family allowances	0	0
Total non-taxable benefits	0	0
D. Net income out of work (A-B+C)	395 575	281 613
E. Net income in work	618 655	618 655
F. Net replacement rate (D/E) (per cent)	65	46

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The annual tax/benefit position of an unemployed married couple with two children, 1995 (Belgium francs)

	Unemployment insurance (first 6 months)	Unemployment insurance (unlimited from the 7th month)
A. Taxable benefits		
Means-tested benefits		
Non-means tested benefits		
Unemployment insurance	402 304	402 304
Total taxable benefits	402 304	402 304
B. Income tax and social security contributions		
Income tax allowances	0	0
Taxable income	402 168	402 168
Tax	101 968	101 968
Exempted proportion	104 150	104 150
Tax exemptions on replacement income	69 653	69 653
Supplementary exemption	0	0
Supplementary "crisis" contribution	0	0
Local taxes	0	0
Social security contributions	0	0
Total income tax and social security contributions	0	0
C. Non-taxable benefits		
Means-tested benefits		
Minimex	0	0
AFG	0	0
Non-means tested benefits		
Family allowances	99 816	125 556
Total non-taxable benefits	99 816	125 556
D. Net income out of work (A-B+C)	502 120	527 860
E. Net income in work	834 719	834 719
F. Net replacement rate (D/E) (per cent)	60	63

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The annual tax/benefit position of an unemployed lone parent with two children, 1995 (Belgium francs)

	Unemployment insurance (first 6 months)	Unemployment insurance (unlimited from the 7th month)
A. Taxable benefits		
Means-tested benefits		
Non-means tested benefits		
Unemployment insurance	402 304	402 304
Total taxable benefits	402 304	402 304
B. Income tax and social security contributions		
Income tax allowances	0	0
Taxable income	402 304	402 304
Tax	114 771	114 771
Exempted proportion	91 450	91 450
Tax exemptions on replacement income	59 653	59 653
Supplementary exemption	0	0
Supplementary "crisis" contribution	0	0
Local taxes	0	0
Social security contributions	0	0
Total income tax and social security contributions	0	0
C. Non-taxable benefits		
Means-tested benefits		
Minimex	0	0
AFG	0	0
Non-means tested benefits		
Family allowances	99 816	125 556
Total non-taxable benefits	99 816	125 556
D. Net income out of work (A-B+C)	527 120	527 860
E. Net income in work	765 166	765 166
F. Net replacement rate (D/E) (per cent)	66	69