

Employment plan for older and young employees: new target group reductions for employers

Target group reductions make hiring of certain employees cheaper through the reduction of social security contributions by employers. The target group reductions for older employees and those for young employees were thoroughly amended since the start of this year.

Reductions of social security contributions for employers

Target group reductions are quarterly lump sum reductions of the social security contributions by employers. They stimulate hirings for certain target groups of employees (such as older or younger employees, jobseekers, ..) since they make hiring cheaper or because they are aimed directly at to certain employees (such as the reduction for first hirings).

Target group reduction for older employees

Until end 2012 you could benefit from an increasing employer's social security contribution for elderly as from 50 years, provided that the quarterly salary of the employee did not exceed a certain threshold (12.240€).

As from 1 January 2013 the reduction for older employees consists out of four lump sum amounts (400€, 1.000€, 1.500€ and 800€) which are linked to the age (400€: 54-57 years, 1.000€: 58-61 years, 1.500€: 62-64 years and 800€: 65 years). So you can apply the target group reduction as from the age of 54 years if the quarterly salary threshold (12.240€) is not exceeded. The lump sum amount can be changed in function of the age of the employee.

Target group reduction for young employees

Until end 2012 the target group reduction for young employees consisted out of three separate reductions: group A (plus 18 until minus 30 years), group B (low skilled and very low skilled) and group C (minus 19 years).

As from 1 January 2013 the target group reduction A does not longer exist. It is abolished. Target group reduction C is kept unaltered.

As from now we differentiate for target group reduction B between a very low skilled person, a low skilled person and a medium skilled person which is hired with a starting job labour agreement (under 26 years at the day of engagement). The new quarterly gross salary threshold for the target group reduction amounts to 9.000€.

'Very low skilled young employees' are low skilled young employees who do not have a certificate of the second grade of the secondary school or of the lower secondary school.

'Medium skilled young employees' have at most a certificate or diploma of the higher secondary school. These are two new categories.

'Low skilled young employees' are young employees which do not have a certificate or diploma of secondary school.

COMPTAFID-Benelux NV SA
Brussels

Bld. Edmond Machtensl. 180/100
B-1080 Brussels
Tel: +32 (0)2 410 75 75
www.comptafid.be

COMPTAFID-Benelux NV SA
Antwerp

Schijnparklaan 45
B-2900 Antwerp (Schooten)
Tel: +32 (0)3 658 89 02
www.comptafid.be

COMPTAFID (Schweiz) AG
Zürich

Seefeldstrasse 19 – Postfach
CH-8032 Zürich
Tel.: +41 44 250 2929
www.comptafid.ch

For the very low skilled young employees the target group reduction amounts to 1.500€ per quarter during three years, followed by a reduction of 400€ per quarter during one year. For the low skilled young employees the target group reduction amounts to 1.500€ per quarter during two years, followed by a reduction of 400€ per quarter during one year. For medium skilled young employees the target group reduction amounts to 1.000€ per quarter during one year, followed by 400€ per quarter during two years.

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