

EQUITY RELATED COMPENSATION



Competitive compensation and retention of top talent

For the allocation of variable compensation to employees and directors, often remuneration techniques are used based on (the value of) the shares of the company or the group for which the professional activities are performed. Often shares or equity based compensation are included in the remuneration package of employees of local entities of foreign – quoted or privately held – multinationals. Also Belgian headquartered companies or companies with regional decision centers in Belgium resort to alternative remuneration schemes whereby the equity value of the company constitutes a crucial determining factor. The long-term retention of (top) talent as well as the offering of a competitive, result-based remuneration package are the key drivers for the implementation of such schemes.

BDO helps you to make the right decisions

At BDO, our advice is always tailor-made and our specialists guide you through the entire process from the initial decision to the final implementation, taking into account the specific goals and characteristics of your business. A large variety of plans and techniques are available, each with its own specific tax and social security consequences:

- Stock Options;
- Share Plans (stock purchase plans, restricted stock plans, restricted stock units...);
- Profit Participation Schemes;
- Stock Appreciation Plans;
- Phantom Stock Plans;
- Options on Equity Funds (Fund-Options)
- ...

Specific legislation exists for some of these techniques, whilst for the other general tax and social security principles need to be applied to determine the taxable moment and the taxable basis. Furthermore, the consequences may be significantly different when the equity based compensation is granted by a foreign group company or directly by the Belgian employer. In a joined effort, BDO evaluates what technique suits best your company.

A specialized approach reflecting the specificity of your company

BDO's Center of Competence Employment Tax & Legal Services offers your company a very broad professional support covering all types of equity based compensation, including:

- Selection of the most appropriate remuneration technique, taking into consideration the objectives of your company's general compensation policies and taking into account tax and social security optimization possibilities;
- Drafting of the plans;
- Assistance with the approval process within the Board of Directors and General Assembly of Shareholders;
- Practical implementation and assistance with the communication to the beneficiaries;
- Analysis of the tax and social security consequences of foreign and Belgian plans;
- Determination of the taxable moment and taxable basis;
- Advice with respect to the Belgian payroll reporting obligations;
- Advice with respect to the tax reporting in the beneficiaries' Belgian income tax returns;
- Accounting treatment of the related costs (in close cooperation with our accountants department).

Through its vast international network of specialists in more than 110 countries, BDO is ideally placed to offer global support with the concrete implementation in those countries where the beneficiaries of the equity based compensation schemes are active.

Contact

Our advice is coordinated by a single point of contact within our organization, allowing you always reach out to the same person.

Further information can be obtained by contacting: employment@bdo.be or one of the contact persons mentioned on the webpage of the Center of Competence Employment Tax & Legal Services on the BDO website.

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