

Creation of a new tax credit

In its coalition agreement, the new government had already raised the idea of a €100 net increase of the minimum social wage (MSW), with retroactive effect as of 1 January 2019.

Following the increase of 1.1% of the minimum social wage on 1 January 2019, and that planned (0.9%), the gross amount of the MSW is increased by ca. €41 / month for unskilled workers and by ca. €49 / month for qualified workers. Depending on the tax bracket under which the employees fall, the net amount of these increases varies from €30.82 to €39.48.

On 26 April 2019, a new tax credit has been introduced: the “minimum social wage tax credit” (MSWTC) for an amount of €70, granted retroactively from January 2019.

The idea is to have the MSWTC apply only to employees with a salary close to the current minimum social wage. As in the case of the employee tax credit (ETC) to which it is added, the MSWTC will be paid monthly with the salary, by the employer, on the basis of the tax card.

Gross monthly salary	Amount of MSWTC
Between € 1 500 and € 2 500	70 €
Between € 2 500 and € 3 000	Degressive formula from €70 to €0

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