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Dober Partners
Executive Search
& Consultancy

European Trade Association Compensation & Benefits 2023/24

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3RD EDITION

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Introduction

If you lead or work in a European association secretariat, I wrote this report especially for you. If you are a Board member of a European association this report is essential reading too, particularly if you live outside Belgium, as you will discover the cost of recruiting association talent with high Belgian taxes can be much higher than where you live. This report is dedicated to the many thousands of people who work in the 2,400 international associations in Brussels, but it is focused on the business or trade association sector for the period 2023/24.

This report will also be of interest to candidates coming from outside the not-for-profit sector with relevant skills who are interested in working for European associations. As we will discuss in this report, associations offer well-paid and enjoyable jobs, working on interesting issues in multicultural environments.

I lead Dober Partners the specialist executive search firm for associations in Brussels. This is my sixth salary report in the last twelve years and never has the subject been so pertinent as now, given the cost of living "crisis", general inflation and wage indexation in Belgium. I guess if you never heard of "Commissions paritaires" before, you know what they are now! While not everyone got 11% salary rises in January it seems the only way is up at present in a hot jobs market where associations are keen to attract and retain talent.

This report follows a similar tried-and-tested approach building on previous editions – using the same questions and methodology which allows for comparisons over time. So, although you might recognize some of the structure and even wording, the numbers have changed in light of new data and some quite substantial pay increases. We also analyse new legal and tax considerations – such as the latest 2023 tax bands and the attractive new expat tax regime which since 2022 now applies to not-for-profit associations in Belgium and not just multinational companies. There is also new content covering a range of issues from post-pandemic home working policies to salaries for trade policy experts and project managers.

At Dober Partners we specialise in the recruitment of senior staff who typically either lead the association or work in key policy, communication, operations, or regulatory roles. Through regular contacts with clients and candidates we have amassed considerable knowledge on compensation packages in Brussels, across sectors and seniority levels. This report is a product of this decades of knowledge and experience combined with the largest ever Brussels association salary survey completed in Spring 2023. Thank you to everyone who participated in our latest survey which is the largest association group ever polled in Brussels, of 174 European trade association leaders at Secretary General level, and 600 secretariat staff overall.

It should be no surprise that salaries in the European association sector are generally high given their strategic importance. European associations have always fulfilled a critical role in shaping the policies and regulations affecting the sectors they represent - as well as defending and enhancing their reputations. During the coronavirus crisis, businesses and associations needed to engage with European governments and the EU like never before. Coming out of covid there is a better appreciation of the value of having trusted relationships with policymakers, and the value of trade associations to their membership.

At the beating heart of any trade association is its people. According to McKinsey superior talent is up to eight times more productive. Conversely the potential damage of a bad hire can be enormous where adverse regulation or negative reputations can cost literally billions. Therefore, recruiting, retaining, and adequately remunerating top talent are strategic priorities for European associations. These topics will be covered in this report.

In Brussels there is a certain opaqueness over remuneration, as for example, salary ranges are almost never stated in job advertisements (unlike in many national capitals) and there is a natural cultural reticence over discussing money. When I first starting publishing association salaries, I was greeted by a mixture of emotions. Some people thanked me for helping a difficult salary negotiation with their boss, others said some of the salaries were too low and others said they were too high. In broaching such a sensitive subject as how much people are paid, implying how much they are "worth", we expected to court some controversy. However, shedding light on where there is darkness may help address certain issues around fair pay for similar work, including the gender pay gap.

Naturally readers will be most interested in the highest salaries. We have tried to satisfy this appetite without over-sensationalising or distorting normal salary bands. Hopefully, this report will inform association employers and employees with some (but not all) of our insider information.

The key finding of my previous remuneration analysis was that salaries in Brussels vary enormously, not just between sectors but between organizations in the same sector. Some of these variations are easy to explain by relative size, wealth, and importance of the organizations their staff represent, other times 'Lady Luck' seems to have played more than her fair part. We must emphasize these findings again in this report. There are a number of additional key elements of association working life presented here, including on job satisfaction and staff retention.

One other key variable, particularly at the senior level, is whether secretariat staff are employed as independent contractors or salaried employees and of course that national preoccupation in Belgium - TAXES. As headhunters these are issues that we encounter frequently, and to find the right solution, we recommend and work with the top HR legal experts at Claeys & Engels. Therefore, in this updated 2023 edition I am delighted to include updated insightful articles from Sophie Maes (Partner) and Sylvie Dumortier (Tax Partner) of Claeys & Engels on Social Security Considerations for Independent Contractors on Page 32. Sylvie also explores the new expatriate tax regime as it applies to associations in Brussels on page 48.

However, a word of caution to our readers – please be happy with what you have, rather than unhappy with what others might seem to earn. It is said that if you wish to be unhappy in your life, compare your life with that of the others around you, especially those who are much more successful than you. You will find a sense of dissatisfaction in your life and feel anxious about getting to "somewhere" where you will be eternally happy. So, it is with money.

Money is only one part of happiness and job satisfaction, it is also about having positive colleagues and bosses, work-life balance, job autonomy, career development opportunities, job security, and possibly even a higher purpose to what you do. European association jobs typically tick many of these boxes. So, my advice is enjoy what you have, and appreciate the fact that you are in one of the world's most interesting cities to work.

Yours sincerely,

Mark Dober
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– Claeys and Engels Survey - Top 10 HR Challenges for Employers in Belgium in order of priority in 2023:

1 Recruitment of new personnel
2 Retention of personnel
3 Cost reduction
4 Mental and physical well-being
5 Attractive remuneration policy
6 Digitalisation and innovation
7 Training of personnel
8 Remote working
9 Mobility (Greener transport)
10 Performance coaching

"85% of employers say they have difficulty finding staff to fill their vacancies as the war for talent continues unabated, a trend that we observed in recent years and that is unlikely to disappear any time soon. So, it will come as no surprise that the three main HR challenges this year are: attracting new personnel, retaining existing employees and keeping HR costs under control."

Claeys and Engels the specialist HR lawyers writing in their latest HR Beacon 2022/23 research report.

The European Trade Association Sector in Brussels

Brussels ranks as the first capital in the world in number of international associations, and this number continues to grow. According to the Union of International Associations (UIA) there are more than 2,400 international associations in Brussels.

– Belgium leads the UIA worldwide ranking for the top 10 host countries of international associations:

1	Belgium
2	USA
3	UK
4	Germany
5	France
6	Switzerland
7	Netherlands
8	Italy
9	Spain
10	Austria

Trade associations constitute the largest individual group of entries in the EU Transparency Register and tend to consider Brussels as their natural home. Their composition, vocation and outreach vary considerably due to their histories and EU competencies covering their sectors. Trade (or business) associations represent private businesses and provide a critical function. It is those private businesses that create the profits and employment that drive the European economy for growth and jobs.

Most European trade associations are registered as international not-for-profit associations under Belgian law. Approximately 60% are traditionally pure federations, composed of national associations; 25% are composed of national associations and companies; and around 15% have exclusive direct company membership. Their budgets and staff size often depend on the nature of the business sector that they represent, the degree to which their industries are regulated, and who is in charge.

Since the Global Financial Crisis, Brussels has become an even more important centre for European business and trade associations to engage with policymakers. Over the last decade there has been a growing sense of community, common purpose and professionalisation of the sector in Brussels. Solvay's Executive Master in International Association Management, the European Society of Association Executives, the European Association Summit (EAS), and visit.Brussels´ Convention & Association Bureau are all active manifestations of this change.

The trade association sector contributes hundreds of millions of euros to the Brussels economy and fosters better EU policymaking for business and society. Out of 2,400 international associations in Brussels there are around 500 European trade or business associations with a permanent secretariat according to the EU Transparency Register. In addition, there are more than 40 trade associations staffed by mostly part-time specialists in Association Management Consultancies, Public Affairs Consultancies and Law Firms.

European trade associations do not include three other types of associations identified in the Transparency Register with a Brussels presence (who also count among our clients), namely:

- **Professional associations (e.g. FERMA - Federation of European Risk Management Associations)**
- **National trade associations (e.g. Association Française de la Gestion Financière (AFG) representing the France-based investment management industry)**
- **NGO not-for-profit associations (e.g. EDF – Environmental Defense Fund)**

The reason we chose not to include these other associations in our survey is that pay scales vary greatly in these other categories. For instance, German and Italian trade associations pay much higher salaries than those from Eastern Europe in line with local pay culture. Salaries are also generally much lower in NGOs driven by a social or environmental purpose for instance. Please also note that in 2023 we also decided to exclude associations and/or their staff hosted by consultancies and law firms, as their staff are consultants and lawyers who work in adjacent but distinct job markets in Brussels with different salary bands.

The core of this salary report is based on an in-depth survey we finalized in 2023 of 174 European trade association leaders at Secretary General level, and 600 secretariat staff overall. This sample size gives an accurate representation of the range of compensation and benefits available to staff of these 500 trade associations in Brussels.

Job Satisfaction Working in Brussels Trade Associations

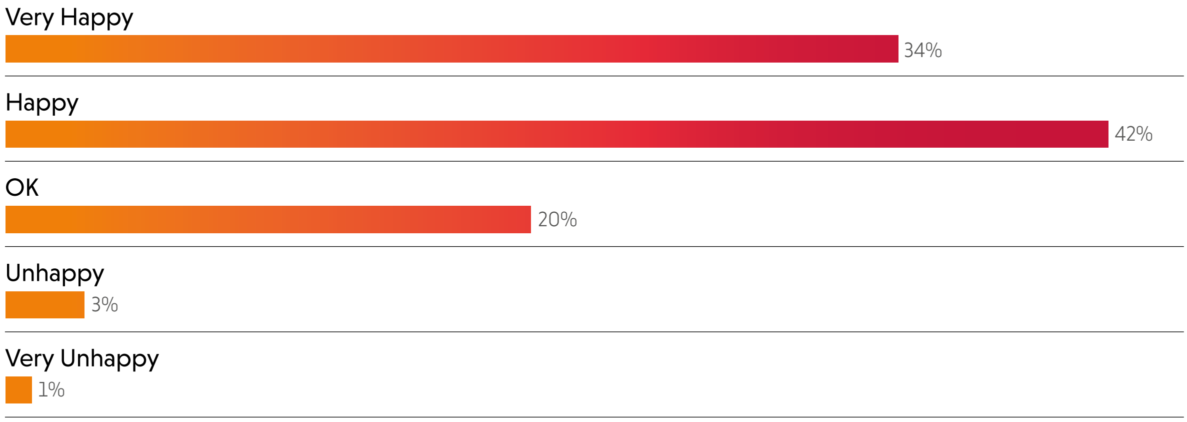
We spend one-third (or more) of our days at work. Work defines us as people, such that when we aren't happy at work, other areas of our life suffer. Yet 85% of workers worldwide admit to hating their jobs when surveyed anonymously, according to a recent Gallup poll. Overall, Gallup found that only 15% of workers feel engaged by their jobs i.e., they feel a sense of "passion" for and "deep connection" to their work, spending their days "driving innovation and moving their organisation forward." However, Dober Partners´ research of people working in EU affairs shows a very different picture in Brussels. Happiness matters because happy staff tend to produce better outcomes.

We know that talking to association staff over many years that the Brussels association community is a generally happy group of people who tend to be really engaged in their work. There are many reasons for this measure of job satisfaction which include working with an interesting group of colleagues from different countries on challenging issues. Relative job security and a reasonable work-life balance (i.e., how individuals integrate paid work with the rest of their life and balance the demands of different roles, such as parenting) are also critical components of workplace wellbeing and where association life scores highly.

This thesis was proven for the first time in my 2016 study of Brussels-based associations, where almost 75% of secretariat staff reported being happy or very happy. This percentage increased slightly in 2020 despite the Brussels lockdown when 77% of 400 association staff told us they are either happy or very happy! While a few people told us they were unhappy, only 1% told us they were very unhappy in their current role at that time. **With an even larger sample of 600 staff in 2023 we find 76% are either happy or very happy**. These are remarkably stable findings over time and show that there is a steady block of three quarters of secretariat staff who genuinely enjoy their work. One interesting piece of data stands out in comparing the data between 2020 at the start of the pandemic versus 2023 - the proportion of staff reporting being very happy has increased to 34% from 29%! That increase of 5% means that more than one third of association staff are now very happy – and this means that hundreds of new people in this cohort now really love their jobs while they were probably just happy or ok previously. Anecdotal evidence indicates this is because of more flexible teleworking for some, and for others a greater appreciation of their work by bosses and members compared to before the crisis.

"The 2022 edition of the World Happiness Report puts Belgium in 19th place better than previous years and countries like France, Spain and Italy but behind Finland, Denmark, Netherlands, Austria, Ireland and Germany. Brussels ranks 40th in the 2022 Global Ranking of Happiest Cities behind Helsinki, Zurich and Washington but ahead of Barcelona, Paris and Prague. The Report finds generally that although "those in well-paying jobs are happier and more satisfied with their lives", that effect has diminishing returns - "an extra €100 of salary is worth much more to someone at the lower end of the income distribution than someone already earning much more."

– How happy are you in your current role in your Association?



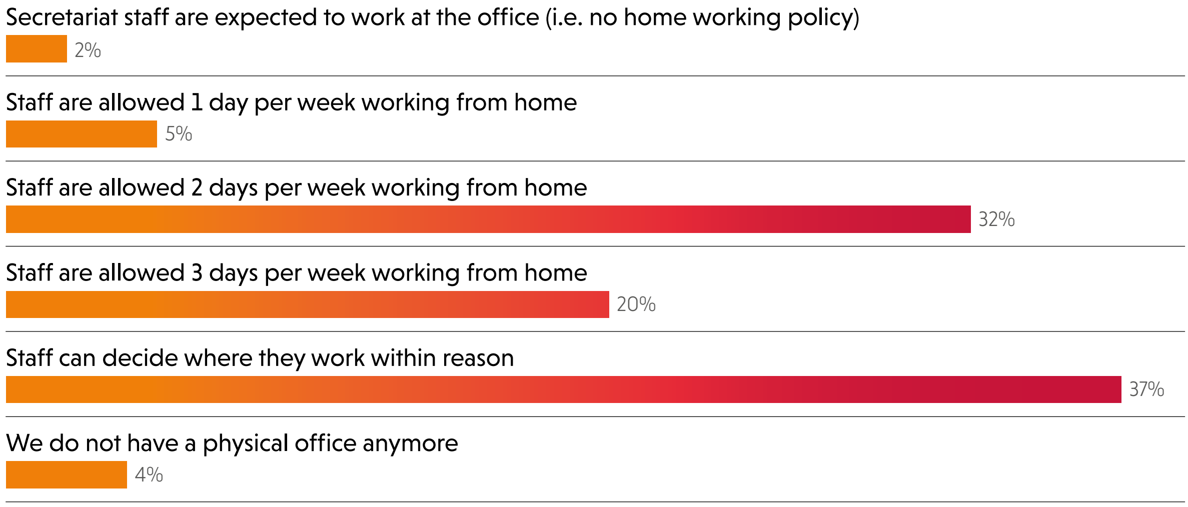
– The European Trade Association Happiness Quotient

Happier staff = higher performance for trade associations

An increasing body of research shows that work and employment are not only drivers of people's happiness, but that happiness can itself help to shape job outcomes, productivity, and even organisational performance. As the International Labour Organisation (ILO) reports the "happy worker" hypothesis provides evidence that higher levels of job satisfaction promote productivity. On the other hand, if well-being in the workplace or in general is low as a result of high levels of stress, productivity may be negatively affected. For instance, economists at the University of Warwick carried out a series of experiments to test the idea that happy employees work harder. In the laboratory, they found happiness made people around 12% more productive. Warwick Professor Oswald says: "Companies like Google have invested more in employee support and employee satisfaction has risen as a result. For Google, it rose by 37%, they know what they are talking about. Under scientifically controlled conditions, making workers happier really pays off."

> "As might be expected, we find that people in well-paying jobs are happier and more satisfied with their lives and their jobs, but a number of other aspects of people's jobs are also strongly predictive of varied measures of happiness. Work-life balance emerges as a particularly strong predictor of people's happiness. Other factors include job variety and the need to learn new things, as well the level of individual autonomy enjoyed by the employee. Moreover, job security and social capital (as measured through the support one receives from fellow workers) are also positively correlated with happiness."
>
> Harvard Business Review. Does Work Make You Happy?

– What is your association's current policy when it comes to home working?



Flexible working

This report looks at flexitime and the concept of time as the new money in page 52 but in the context of happiness let´s discuss home working, as our 2023 study reveals some fascinating new findings on the extent of this post-pandemic phenomenon.

Many people who worked from home during the pandemic perceived several benefits, including: a better work-life balance, cost and time savings from not having to commute, and feeling more productive. Working from home has also played a critical role in reducing the risk of infection from COVID-19. Overall, four main themes have surfaced on the benefits of working from home:

- Work life balance
- Autonomy and productivity
- Health and wellbeing
- Flexibility and accessibility

Remote, flexible workers tend to be happier and more loyal employees, in part because working from home has been shown to lower stress, provide more time for hobbies and interests, and improve personal relationships, among other things. In addition to personal health and well-being, co-worker and manager relationships can be more positive without the distractions and politics that come along with an in-office job. Most employers now say remote work has a high impact on employee retention.

When we asked 174 European association leaders their home working policy, we found that virtually all allow home working, as the graph shows above. The vast majority allow a minimum of 2 days home working and four in ten have completely flexibility. Many associations reconfigured their office space to allow for these new working realities, with some moving to smaller or more open spaces, and others even abandoning their permanent office space altogether!

The OECD undertook an online survey, in 2020-2021, among managers and workers in 25 countries about their experience and expectations of working from home, with a particular focus on productivity and well-being. Analysis found that managers and workers had an overall positive assessment of working from home, both for organisational performance and for individual well-being. **Respondents, on average, also reported that the ideal amount of remote work is around 2-3 days per week**, in line with other evidence on the benefits (e.g., less commuting, fewer distractions) and also the costs (e.g., reduced in person communication and knowledge flows). The role of telework for productivity during and post-COVID-19 – OECD Productivity Papers

Working from abroad

Teleworking from abroad has become the norm in Brussels associations since the pandemic. Indeed, **78% of the 600 staff we surveyed in 2023 are allowed to work from abroad** – no wonder so many are happy!

While many associations had inherent flexible working patters before the pandemic there is a whole new reality now, as evidenced by some of the responses to our survey. In looking at the happy majority, we noted five qualifiers to working abroad:

1. **Location** – usually restricted within Europe or the European Union.
2. **Timing** – encouraged to work abroad during the quieter Christmas and Summer periods rather than busier times.
3. **Approval process** – in common with holiday requests it seems that working abroad usually requires sign-off from the boss.
4. **Time allocation** – Here there seems quite a spread varying from 10 working days to one or even two months. As one happy respondent said "Yes, I am currently spending 2-3 months abroad in total a year", while another said: "We are allowed to work abroad 8 weeks per year." It seems that new policies are being implemented where they didn't exist before which in some cases will be a maximum of 2 weeks per year, in others 4 weeks per year, and up to 8 weeks in other associations but not more than 2 weeks in a row.
5. **Restrictions** - For some associations, working abroad is really the exception not the norm. As one staff member told us "Yes, but only for proven family reasons and a limited time" while another said: "Only within reason, under 'exceptional' circumstances, and with written approval/sign-off required in-advance".

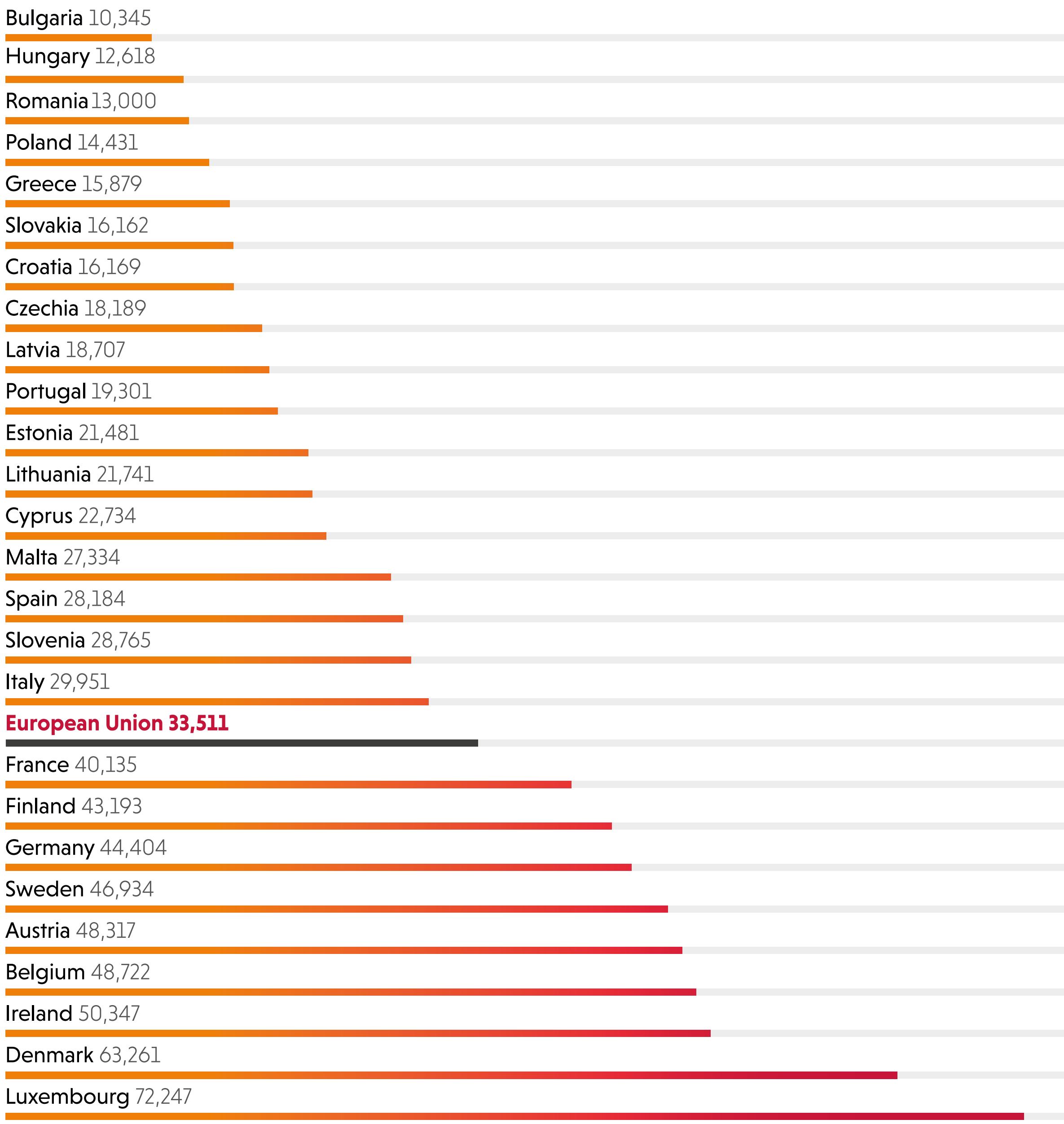
Although working from abroad now seems common practice in Brussels, associations need to understand what the risks are for both the employer and the employee from tax, legal and social security perspectives. During the pandemic, international guidelines were issued regarding the tax and social security aspects of "home working". However, post-COVID, when somebody works in a country that is not their home country, it can lead to unexpected, tax and social security consequences, both for the employee and the employer. Hence, it is best to seek the advice of specialist HR lawyers like our friends at Claeys & Engels on such issues.

Rewarding Trade Association Staff & Bonuses

The most important contextual factor for salary levels is where they are paid. Pay varies not just between countries in Europe but also cities and regions within countries. Hence salaries in rural Poland are some of the lowest in Europe while cosmopolitan Brussels has some of the highest.

According to the salary data for 2021 published in **December 2022 by Eurostat, the average Belgian employee earned €48,722**, the fourth-highest mean salary within the EU and significantly greater than the bloc's overall average of €33,511. According to EU's statistics office, only citizens of Luxembourg (€72,247), Denmark (€63,261), and Ireland (€50,347) earned more on average than Belgians in 2021. Bulgaria (€10,345) had the lowest average salary within the bloc.

– Average annual full-time adjusted salary per employee, 2021



In the last year another peculiarly local factor has driven salaries upwards here. Once widespread in Europe, the system by which wages are automatically indexed in line with inflation now remains only in Belgium and Luxembourg, with other nations preferring other ways to protect salaries from being undermined by inflation. The wage indexation for employees in the Joint Salary Committee 200 ("Commission Paritaire 200") in January 2023 was 11.08%. When many association staff read these headline figures they expected a similar raise but were disappointed to find their not-for-profit group/industry sector was not included in this largest category of workers. Indeed, there are multiple Joint Committees for private sector workers in sectors from tourism to construction with different levels of indexation.

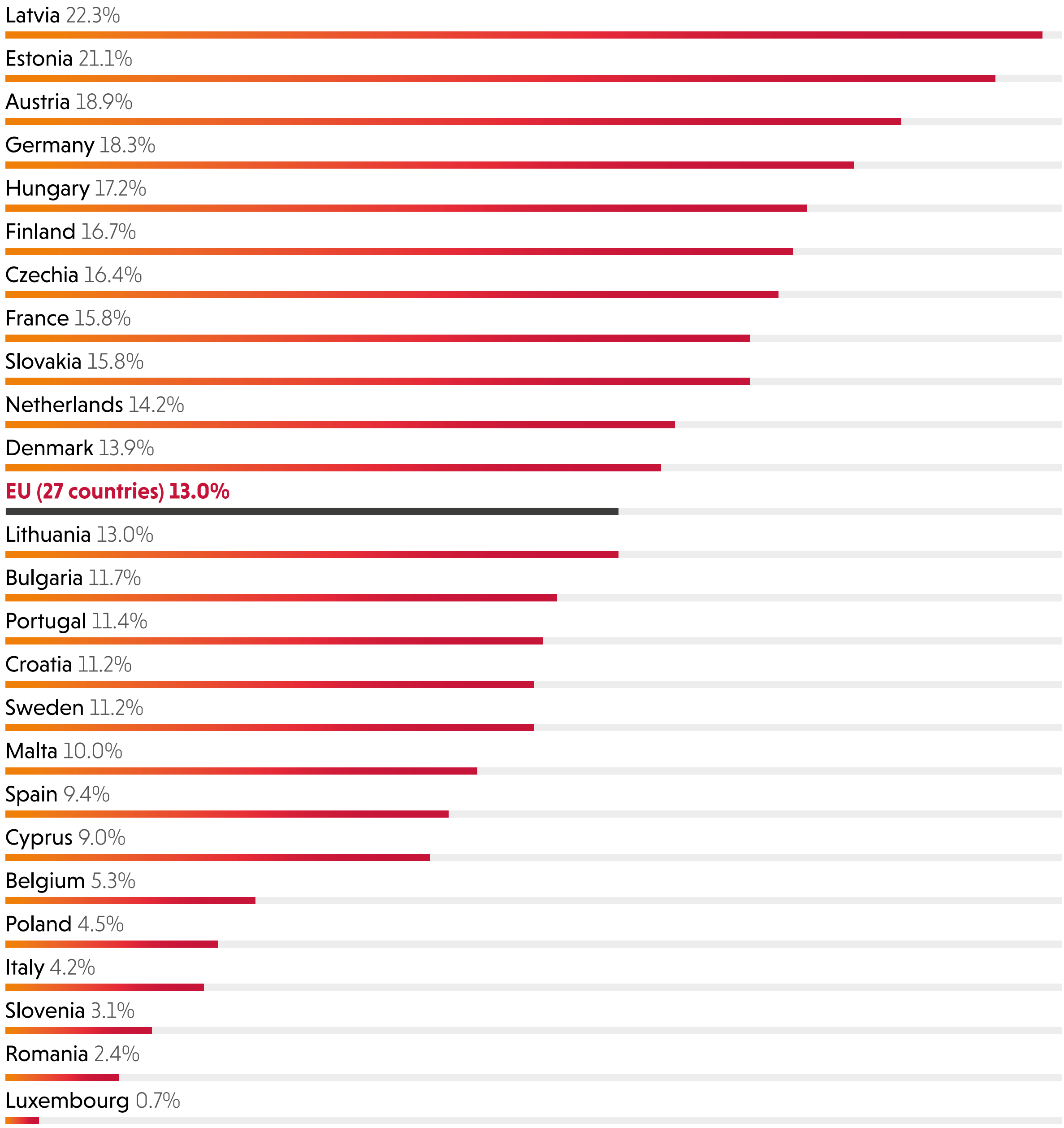
Nevertheless, even if not formally obliged to increase salaries by such large percentages, most associations seem to have given substantial raises to retain and recruit staff in a hot jobs market, and help staff deal with the cost-of-living crisis. Some associations have made these increases in one single raise in early 2023, while others have made them incrementally each quarter. Wage inflation has been a major funding challenge for some associations who have had difficult budget discussions with their members, who also in some cases dug into cash reserves to fund shortfalls. All this in the context where European trade association salaries are considerably higher than those found in the general Belgian economy, reflecting the premium paid for European affairs positions, which attract high calibre staff from around the European Union.

Location also has a big influence on the gender pay gap. Belgium is one of the better EU countries for working women with an average gender pay gap in 2023 of around 5% compared to men. This figure compares favourably countries like Germany with a pay gap of over 18% and Latvia at the bottom of the list at over 22%. According to a European Commission Fact Sheet published in November 2022, women working in the EU, earn on average 13% less than men. The gap decreased by only 3% in the last 10 years. Gender pay gaps are also a persistent problem in many sectors and industries which tend to be male dominated, such as construction and IT.

The other way to look at the gender gap is the proportion of men versus women in senior positions, and their relative salaries. In our 2023 survey sample we analysed these numbers for 310 people in twelve key association leadership positions, at the levels of Secretary General, Deputy Secretary General, Chief Operations Officer & Heads of: Policy, Sector Groups, Communications, Legal Affairs, Regulatory Affairs, Trade Policy, Sustainability, Membership Services and Events. **Clearly men outnumber women in these senior association leadership roles overall. Two thirds are men; and one third are women. Across these senior staff the average annual salary for men is €148,900, and €137,300 for women**. This difference can be partly explained by the relative dominance of women in some of the lesser paid roles leading Communications, Membership Services and Events versus better paid roles in Policy and running the association.

It is worth nothing there are simply more men working in European trade associations than women, and across our entire 2023 sample of 600 staff at all levels, 53% men and 47% are women.

– The gender pay gap per EU country



Compensation, Benefits, Recognition and Appreciation

Whatever the salary, every association needs a strategic reward system for its staff, which addresses four key areas: compensation, benefits, recognition and appreciation. This report deals mainly with the first two areas of compensation and benefits but in this context, it is worth reflecting briefly on the distinction between recognition and appreciation as they can foster cultures of engagement, loyalty, and high performance.

Appreciation has more to do with feelings and expression while recognition is calling specific attention to something special or well done. The key is seeing that both are valuable and understanding that both are necessities to create a workplace culture that keeps employees loyal and engaged. Appreciation, on the other hand, is about acknowledging a person's inherent value. The point isn't their accomplishments. It's their worth as a colleague and a human being. In simple terms, recognition is about what people do; appreciation is about who they are. Even senior people still like to be recognized for their good work, and value praise from members and colleagues.

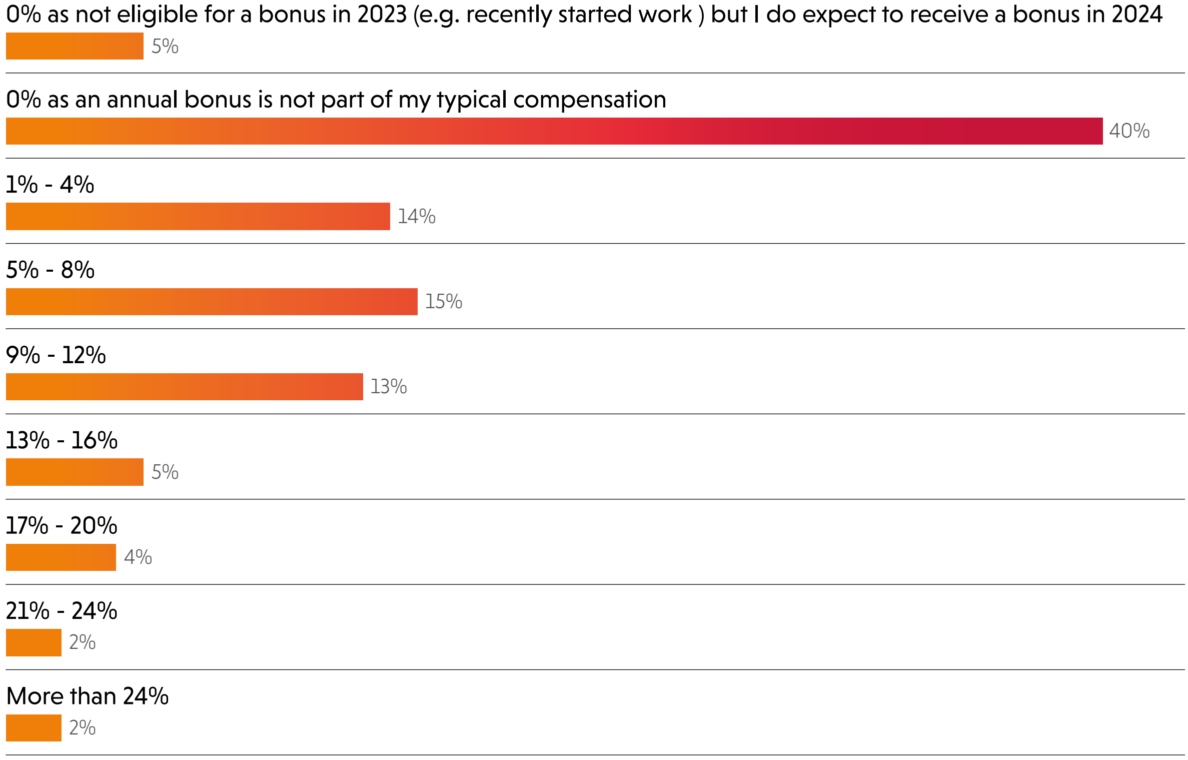
Some trade associations could do better on one or more of these elements (usually recognition and/or appreciation), but the room for manoeuvre for financial reward is limited in a not-for-profit setting and a Belgium tax regime that, except for the Belgian group bonus scheme, almost penalises bonuses.

Looking at online discussions on Belgian tax provokes a sad smile to see one post entitled "How can the Belgian government take two-thirds of my bonus?" Indeed, Belgian taxation partly explains why associations do not tend to have a strong bonus culture. Moreover, the room for manoeuvre for financial reward is limited in a not-for-profit setting where overall revenue usually moves upwards slowly in small increments. Hence, associations do not tend to have a strong bonus culture. Indeed, according to our research 40% of European secretariat staff receive no bonus whatsoever, however 2023 indicates a growing proportion of staff receiving a bonus compared to 2020. Indeed, around another 40% of staff receiving a meaningful bonus of at least 5% of annual salary. Typically, only staff in association leadership roles are earning more than 15% of their fixed salary in bonus.

"Recognition is about giving positive feedback based on results or performance. Sometimes this happens in a formal way: an award, a bonus, a promotion, a raise. Sometimes recognition is given more informally: a verbal thank you, a handwritten note. All of these methods can be meaningful, especially if they're done in a timely and genuine way. They're also motivating and exciting – everyone wants their good work to be applauded. But there are some limits to recognition. First, it's performance-based, so it's conditional. Second, it's based on the past, so it's about what people have already done. Third, it's scarce. There's a limited amount of recognition to go around – everyone can't get a bonus or be mentioned by name in a memo – and it can be stressful when many people are vying for a finite amount of praise. Fourth, it generally has to come from the top."

Harvard Business Review. Why Employees Need Both Recognition and Appreciation

– What annual monetary bonus (if any) did you receive as an approximate % of your gross annual salary?



Clearly larger bonuses are an attraction for association staff wanting to move to corporates, as well as stock option and restricted stock units which are simply not available to association staff. However, we have noticed a number of creative associations use Warrants, as an alternative incentive scheme for secretariat members which is a relatively tax efficient way to reward the most valued staff.

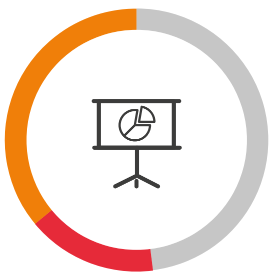
How associations calculate performance-based bonuses

One question we asked our survey sample was if they received an annual basis, was it either based on:

- Individual performance
- Or the association's overall collective performance
- Or individual performance and the association's collective performance

The 2023 answers below were largely the same as previous years:

– If you recieved an annual bonus was it related to:



48% Your individual performance and the association's overall collective performance

36% Your individual performance

16% The association's overall collective performance

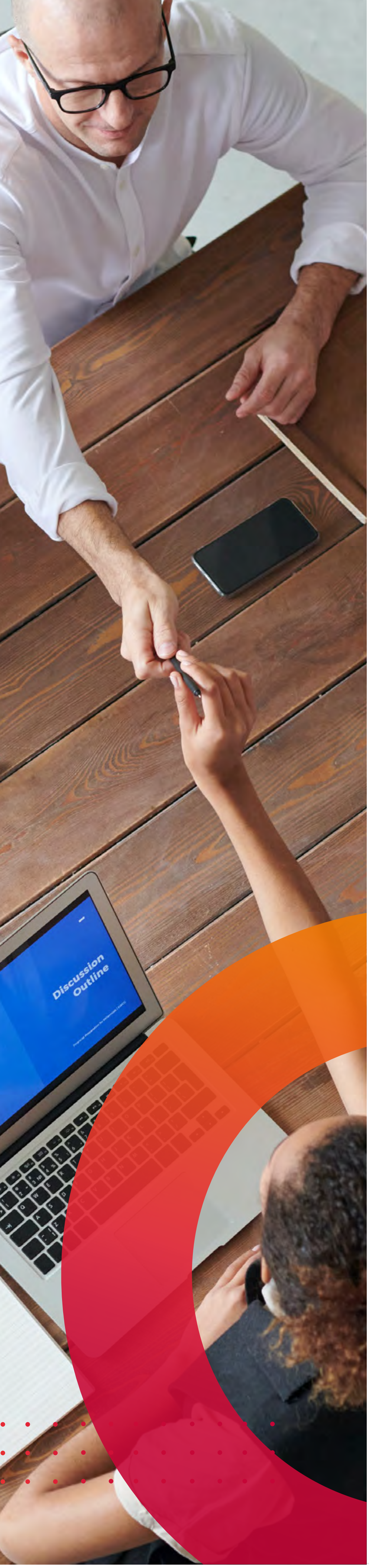
Both individual and collective bonus systems have their benefits. While individual bonuses have a greater incentive effect, collective bonuses can lead to a lower turnover, greater loyalty, and a willingness to work hard. So, this is an important question for anybody setting up or reviewing their bonus system, as research shows that the last option is usually the best. However, evidence also shows that there is no 'one-size-fits-all' approach. Every system has its pros and cons, and what may be advisable in a small secretariat of 5 people may be very different in a well-funded association of 50 staff for instance. However, a bonus based on individual and collective performance works best in the not-for-profit setting of an association, and it is interesting to observe that is what happens in around one half of trade associations according to our research.

Evidence suggests that in order for incentives to be efficient, they should correlate closely to performance which is perhaps easier with individual bonuses. Staff can see clearly how their efforts contribute to results and thus their bonus. However, they can also potentially detract from collaboration, teamwork, and the atmosphere at work, if staff become too focused on their own performance and too competitive.

Another option is the implementation of team-based bonuses. As the Vlerick study on Rewards points out the benefits of this system include increased teamwork and cooperation, increasing flexibility and encouragement of information-sharing. An important condition, however, is that work should be organised around teams and generally it has been shown that equitably distributed rewards (recognising individual performance differences within the team) lead to better results than equally distributed rewards. However, only the largest associations have teams of sufficient size to implement team-based pay so the more realistic option for most associations is to tie employees' rewards to the collective performance of the association overall. Research shows that rewarding collective performance is linked to lower turnover, greater loyalty and willingness to work hard.

Employers in Belgium can create a collective performance bonus plan for associations, based on the act of 21 December 2007 and collective labour agreement n° 90 (CLA n° 90). Further information can be found at the Belgian government website www.plansbonus.be where almost 75% of bonus plans were enrolled in 2022. If the benefit does not exceed a certain threshold and fulfils several conditions, the bonus system enjoys favourable tax and social security treatment.

> "We recommend paying for individual and collective performance because there is clear and consistent evidence for a positive effect of financial incentives on performance quantity and quality. This can be implemented through merit-based pay and variable remuneration systems...While individual bonuses have a larger incentive effect, collective bonuses can lead to a lower turnover, greater loyalty, and a willingness to work hard."
>
> Future House of Rewards Report – Vlerick Business School



The Benefits of Working in Associations

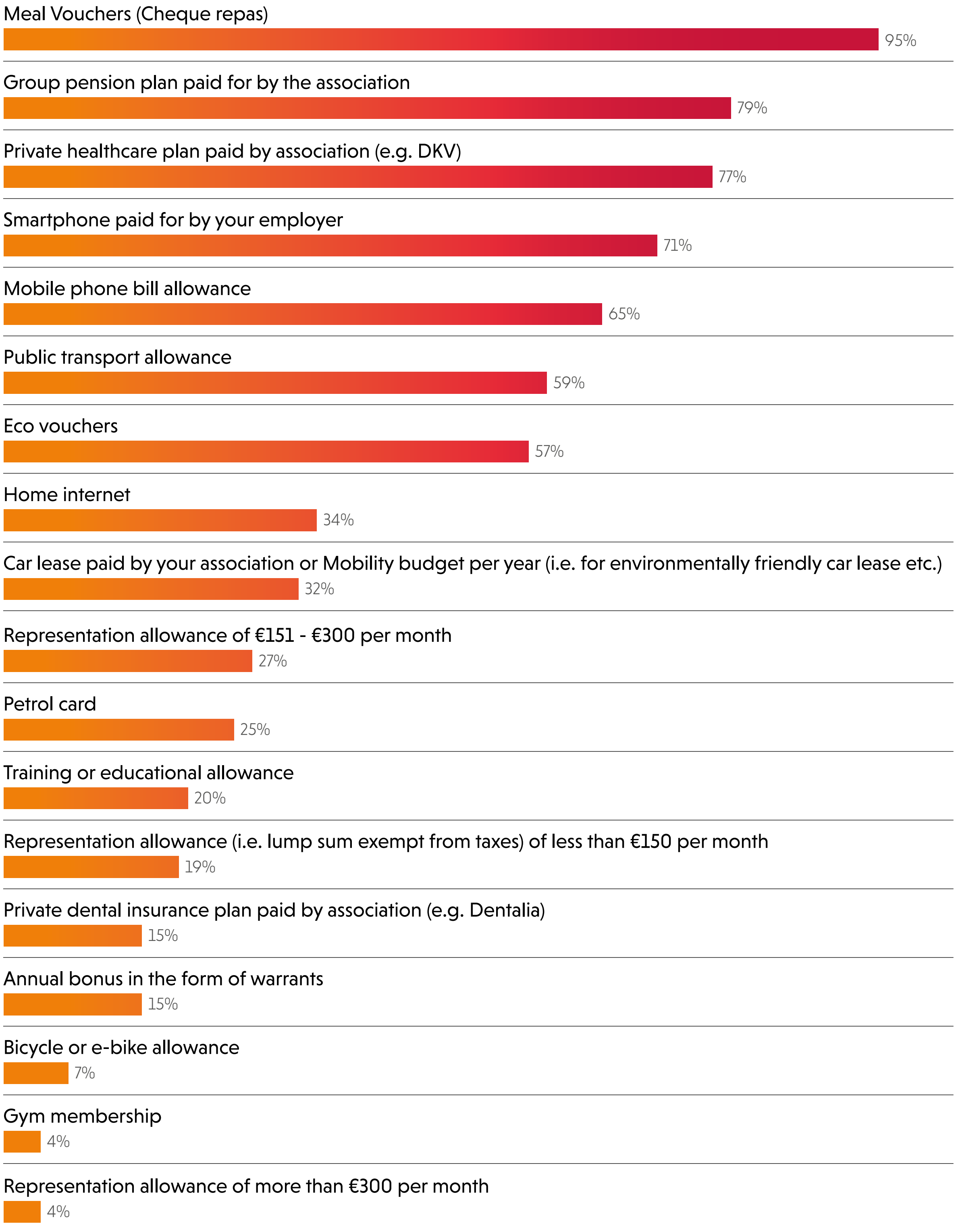
Although highly taxed there are a number of perks and benefits available to association staff in Belgium, which are less common elsewhere. For instance, cars in Belgium with the free use of fuel are fairly common for senior staff due to their relatively favourable tax treatment. According to our research summarized below, meal vouchers, group pension plans, private healthcare insurance and smartphones and their bills, transport allowances and eco vouchers are available to the majority of senior salaried employee secretariat staff.

Please note the benefits detailed above are for senior staff across all functions and roles, usually sitting within the leadership team at the level of Secretary General (SG), Deputy SG, Chief Operations Officer or Head of Finance, Head or Director of Public Affairs, Communications or Regulatory Affairs etc. We discuss certain key benefits as they pertain to specific positions further in this report, as they vary according to seniority and even culturally in each association. Certain wealthier associations tend to give better benefits as a rule of thumb, but sometimes an accountant's advice or leader's attitude to representation allowances or cars for instance will shape the level of these benefits.

Many benefits are pretty standard irrespective of seniority, especially meal vouchers, Eco vouchers, home internet or similar allowance and public transport contribution. The higher up the chain the more likely salaried staff are to receive a car or mobility allowance, and significant representation allowances.

Most of these benefits are self-explanatory if you live in Belgium but let's briefly discuss cars, representation allowances and warrants as they merit special attention.

– The Benefits of Working in Associations (% of salaried employee staff at all levels of seniority)



Cars

Around Europe company cars have generally been phased out as a standard part of benefits packages but not so in Belgium. The HR company SD Worx recently reported from research across 100,000 Belgian employees that one in three has a car lease paid by their employers. Many believe that the treatment of cars is still far too generous, and both the OECD and the European Commission have criticised the tax benefits associated with cars in Belgium. Employer car expenses are largely deductible at present, but this will change beginning in July 2023. The deduction for fossil-fuel commercial vehicles will decline every year from July 2023, ending completely in 2028.

Despite tax and environmental trends, according to statistics from the BNP Paribas annual 2022 barometer, around 93% of Belgian companies intend to maintain, or even expand, their fleet of corporate cars in the period 2023 to 2025. Company cars seem more popular than ever before. Around 10% of vehicles on Belgian roads are employer-funded cars, which cover around 20% of total distances driven on roads.

If you make a car available to your association employees, a taxable benefit in kind arises when they use this car for private purposes. One of the elements to calculate the taxable benefit is the reference CO_2 emission (which in 2023 is 82 g/km for cars equipped with petrol, LPG or NG engines; and 67 g/km for cars equipped with diesel engines). Hence the more polluting above these emissions, and the more expensive the car, the more taxes as benefit in kind will need to be paid.

There are three main reasons why employers offer cars. First, the association job market is increasingly competitive and certainly for senior salaried employee positions a car or mobility allowance is often seen as a standard part of the package. Secondly, those who already have a car paid for by their employer do not want to lose it and they demand one when they change employer, but the most important reason is the favourable tax regime in Belgium. However, the tax benefit has shifted to eco-friendly cars, especially electric vehicles.

Mobility allowance

An alternative to a gas guzzling car is the recently revised mobility allowance to facilitate a shift to greener transport. More commonly known as the 'cash for car' measure, it allows employees who have an employer-paid car, or who qualify to have one, to relinquish it in return for a sum of advantageously taxed cash. This amount depends on the value of the car that is handed in with a maximum of 16,000 euros possible.

During the coronavirus lockdown an additional 40km of cycle paths were added in the Brussels region, and speed limits were lowered for cars to 30 km per hour on many roads. So if you hate traffic jams, want to keep fit and contribute to cleaner air, we suggest like us you sell your old diesel car and bike to the office please! Tax-efficient and eco-friendly ebikes and electric cars are the way to go for those longer journeys.

> "The employee can freely allocate this mobility budget to 3 pillars. The employer decides on the exact content of these pillars. In pillar 1, the employee can opt for an environmentally friendly company car. This means that he takes an electric car or a car that meets certain standards. The employee can allocate any remaining budget to pillars 2 and 3. Pillar 2 includes durable means of transport and accommodation costs. Sustainable means of transport include bicycles, electric motorbikes, public transport, organised public transport, etc. The accommodation costs of employees who come to live within a certain radius of their place of employment can also be financed under pillar 2. Housing costs include not only the rent but also the interest on the mortgage. The part of the budget that is used for sustainable means of transport or housing costs in pillar 2 is tax-free for the employee. Finally, there is pillar 3: if the mobility budget has not been fully allocated to pillars 1 and 2, the worker can receive the balance in cash. This sum is tax-free but is first reduced by a special personal contribution of 38.07%. The new law also introduces a minimum and a maximum amount for the mobility budget. This will also apply from 1 January 2022. The minimum amount is 3,000 euros per calendar year; the maximum amount is 1/5 of the total gross remuneration with an absolute maximum of 16,000 euros per calendar year."
>
> The New Mobility Budget analysed by accountants Fidelium found at www.fidelium.eu

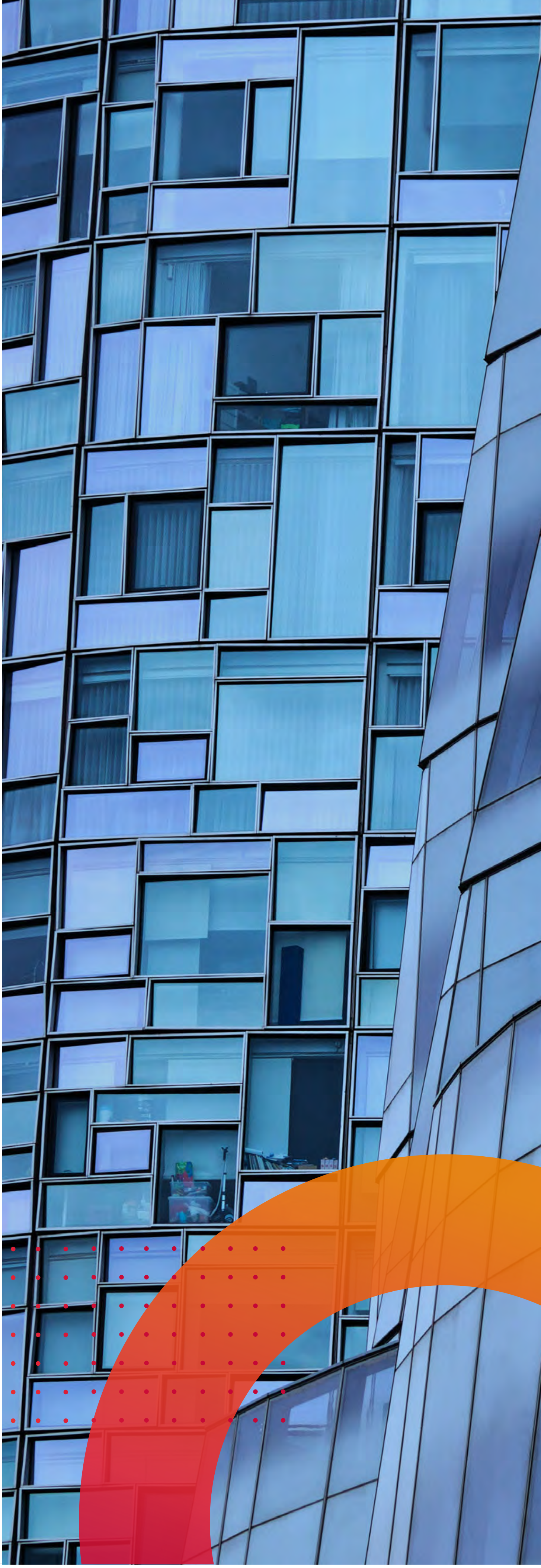
Representation Allowance

One other tax-efficient benefit is the 'Frais de representation'. Such lump sum cost allowances are not subject to social security contributions and personal income taxes, provided that the employer can demonstrate that the reimbursed lump sum expenses represent actual costs and are established according to reasonable standards. Given that working in an association is all about representing an entire sector to some very important stakeholders, it is surprising that so many mid-to-senior staff in associations do not benefit from this allowance, or it is set at a very low level. If this is the case, we humbly suggest you ask for a proper review with your accountants.

Warrants

Warrants are another peculiarly Belgian benefit which not many associations give in their overall package. Warrants typically track European stock exchanges, and the main advantage is that they are exempt from social security contributions so are worth a closer look by association leaders and discussing with your bank.

As our corporate bank BNP Paribas Fortis says on their website: "Warrants create a win-win situation for you and your employees: with warrants, you can give your employees a higher bonus (compared to a traditional cash bonus) and at the same time reduce your costs. Under certain conditions, you, as an employer can enjoy an exemption from social security contributions on warrants and your employees can enjoy personal social security contributions. With a bonus in Call Warrants instead of cash, eligible employees are left with an after-tax income that is about 34% higher."



European Trade Association Job Titles & Functions

"What's in a name?" As Juliet said of Romeo: "that which we call a rose by any other name would smell as sweet". The question is a profound one, as perhaps names or titles themselves do not hold worth nor meaning, and they simply act as labels to distinguish one person from another. Indeed, we often tell clients that titles are for free, whereas salaries cost real money! However, job titles are also badges of authority and can have several benefits, including:

- Defining roles and responsibilities: A job title can provide clarity about the responsibilities and duties that come with a particular role, helping staff to understand their job requirements and expectations.
- Establishing hierarchy and structure: Job titles can indicate the level of seniority and responsibility of a particular position, helping to establish a clear hierarchy and reporting structure within an association.
- Providing motivation and recognition: Employees may feel motivated and recognized by being assigned a job title that reflects their skills, experience, and level of responsibility.
- Facilitating communication: Job titles can serve as shorthand for describing a person's role and responsibilities, making it easier for colleagues to communicate and collaborate effectively.
- Enhancing credibility and professionalism: A clear and descriptive job title can enhance an employee's professional image and credibility, both within the association, among the membership and EU affairs community.

Not having the correct job title appropriate to your position, duties, authority, and achievements can undermine your standing both inside your association and with policymakers and external stakeholders. Additionally, not getting the job title that you are due can hinder your pursuit of future career opportunities, both inside your current organisation, and as a potential outside hire by other employers. You probably will be seen unfairly as someone who is at a lower level of achievement than the one you have attained.

When we looked at the structure of the largest associations there are typically up to 12 key functions listed below, with one, two or three levels of hierarchy. For instance, in the Policy department there may be a Head of Policy (also called Public Affairs or EU Affairs or Advocacy) who manages Senior Policy Officers and less experienced Policy Officers. In some associations there are even other departments with specialists ranging from statisticians to economists which are not covered here. Most associations in Brussels have less than six staff and can only dream of having such resources in depth!

We contacted around 2,500 European Association secretariat staff in these various roles. We had almost 600 completed surveys across most of these functions in what constitutes Brussels largest ever trade association salary survey. However, in two of the twelve functions our sample sizes were too small (membership and events) to present accurate data for this 2023 edition. Therefore, this report focuses on the other ten core functions and roles within trade associations.

– European Trade Association Job Titles & Function

Function	Most common job titles
Association Leadership	– Person leading the association secretariat i.e. Secretary General, Director General, Executive Director, Managing Director or CEO – Deputy Director General or Deputy Secretary General or Deputy Executive Director or Deputy CEO or Deputy MD – Head or Director of Public Affairs AND Communications
Policy	– Head/Director of Policy or Public Affairs or EU Affairs or Advocacy across the Association – Senior Policy Officer or Senior Public Affairs Manager or Senior Adviser – Policy Officer or Adviser or Public Affairs Manager
Communications	– Head or Director of Communications – (Senior) Communications Manager
Sector Group	– Director, Chief, Head, Executive Director or MD of specific Sector Group (specific Business or Policy Area) – Sector Group Manager
Regulatory Affairs	– Director or Head of Regulatory Affairs and/or Technical & Scientific Affairs – (Senior) Regulatory Affairs Manager or Technical Manager or Scientific Affairs Manager
Legal Affairs	– Head or Director of Legal Affairs – (Senior) Legal Affairs Adviser or Legal Counsel
Trade	– Head/Director of Trade Policy – (Senior) Manager, Trade Policy
Sustainability	– Director, Sustainability or Environment and/or Climate Change – (Senior) Manager, Sustainability or Environment and/or Climate Change
Operations	– Chief Operations Officer (COO) or Head of Operations or Head of Finance & Operations working closely with or in the Association Leadership Group – Office Manager – Finance/Administration/HR/IT Managers – Secretaries/Receptionists
Membership	– Head of Membership Services – Membership Manager or Marketing Manager or Sales Manager
Events	– Head of Events & Conferences – Events & Conference Manager
Projects	– (Senior) Project Manager

Compensation & Benefits per Function

– Trade Association Leaders

It is perhaps obvious but important to be very clear that the most important person in any high-performance secretariat is the association leader. Indeed, our research and experience over many years confirms that the single most distinguishing factor between high performance and underperformance for an association is its leadership, or simply put the qualities of the person in charge on a daily basis. Meeting members' expectations, strategic planning and goal setting are by far the greatest challenges for association leaders. Hence, associations need strong leaders to set strategy and help find consensus between corporate members who compete with each other for market share, and member associations with very different cultures.

High performance secretariats are typically led by participative minded association leaders where results and open communications are valued. We found that those secretariats that engage in open debate are more likely to address critical issues, find solutions to problems, and develop innovative ideas.

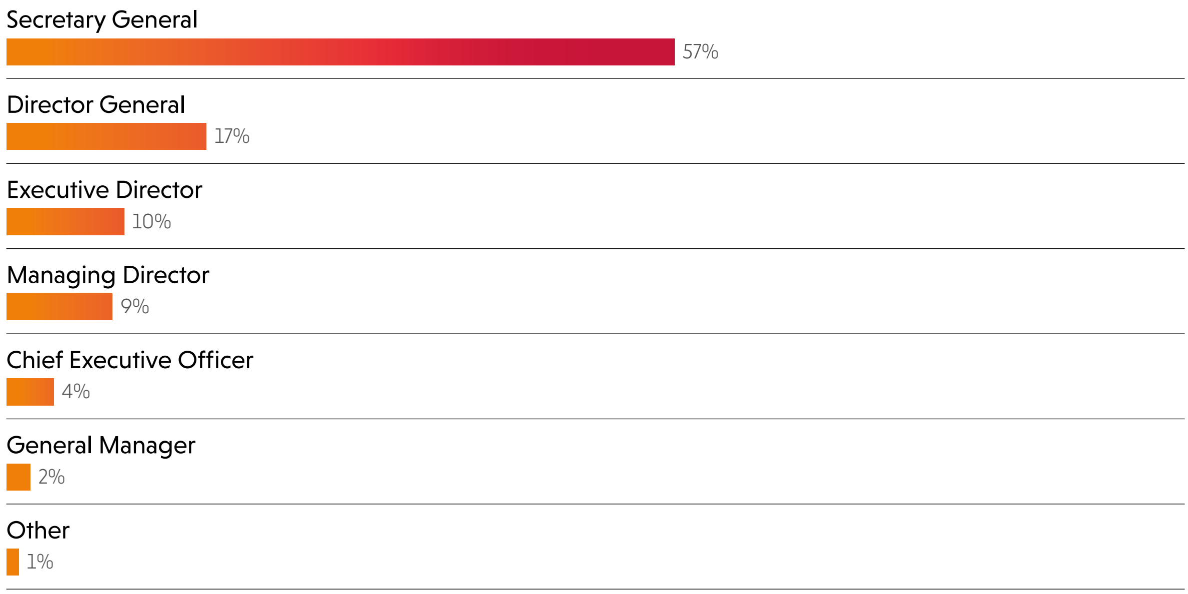
However, there are also a handful of associations with quite negative working atmospheres which are typically led by overly authoritarian leaders who stifle debate, and create an environment where mistrust, criticism and poor results prevail. These are the clear minority, thankfully as our scores on general happiness among association staff confirm. Indeed, dare we say those 'old school' type leaders are generally creatures of the past, as tolerance for mediocrity and failure has been extremely low among the business community since the last global financial crisis, and even more so now since coronavirus.

Trade Association Leader Job Titles

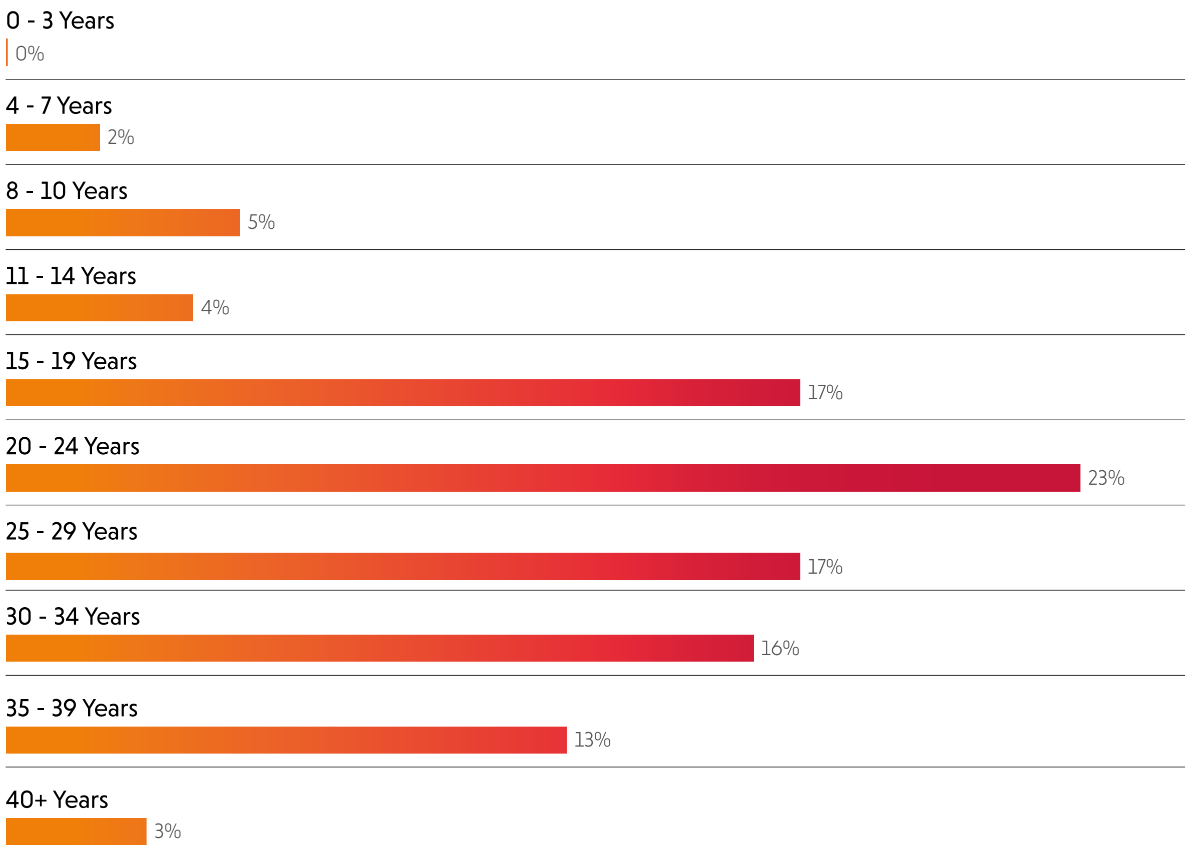
We previously looked at all European trade associations in Brussels and the five most popular titles in order of popularity are: Secretary-General (or in a few cases General Secretary); Director General; Executive Director; Managing Director; Chief Executive Officer (or CEO or Chief Executive) and General Manager. There are literally just a handful of a few other titles that can be observed in Brussels; notably Executive Manager, Manager and Director.

Although still the most common title in European associations, it is interesting to note that in some cases the title "Secretary General" has given way to other nomenclatures in recent times. Now members expect the association's day-to-day leader to direct, as well as represent, the association and the title has evolved in some important associations accordingly. For instance, the Secretary General of BUSINESSEUROPE became the Director General (DG). Associations such as MedTech Europe or Invest Europe have gone further and have a Chief Executive Officer (CEO), while others, such as PlasticsEurope now has a Managing Director, and Vaccines Europe has an Executive Director.

– Most Popular Titles for European Association Leaders



– How many years of work experience do you have since leaving higher education?



Association Leaders

This leadership segment reported a higher life satisfaction than the mean with 85% reporting they are happy or very happy in their jobs, while 12% are just ok and only 3% unhappy. There are many reasons and interesting personal examples behind this data. In our one-to-one interviews we do find tremendous satisfaction amongst association leaders which is often explained by a strong sense of freedom to operate, and long-term thinking, especially compared to corporate environments.

There are significant differences in the remuneration of association leaders depending on their financial, industry and membership base. There are even some who also multi-task and play leadership roles in their respective full service consultancies. We have encountered a number of leaders of smaller associations earning under €100,000 including some who work part-time. The majority earn substantially above this number with almost one third earning more than €200,000 in base salary alone and some even enjoy salaries above €400,000. We have even recruited association leaders in the €500,000 to €700,000 bracket with bonus and comprehensive benefits.

Overall, there are five major factors explaining the large variation in association leadership remuneration:

1. Salary histories of the previous leaders in an environment where there are fixed annual budgets with typically small incremental upward movements;
2. Size of association they represent, as determined by the numbers of members, the number of staff employed in Brussels office or by the "wealth" of the sector they represent;
3. Degree or impact of EU regulation governing a sector can be a factor in attracting senior talent to complex roles.
4. The war on talent has meant that some trade associations have had to hire new leaders on higher salaries than the incumbents to attract them into the roles. In the private sector normally, nobody switches jobs for less money!
5. The tax arrangements under which the leaders is employed, whereby independents usually earn much higher incomes than their salaried employee counterparts.

This last factor will be of greatest interest to our readers, and we compare salaried employee versus independent leaders on the following pages.

Men v Women Trade Association Leaders

Equal pay for equal work and gender balance are important consideration for any association to consider in its human resources management, especially in the leadership team. However, our survey gives some cause for concern in this respect. **In our sample of 174 association leaders in Brussels around two thirds were men, and one third women.** There is also still some way to go toward achieving greater diversity among some association boards.

We asked independent and salaried employee association leaders the same question i.e. "What basic gross salary (i.e., before tax and excluding bonuses) do you expect to personally earn in 2023? (Please note if you are self-employed what is the gross revenue from your association income)." **The answer to this question across genders is €164,000 on average.** However, in line with our previous research there is a statistically significant gender pay gap in 2023 still. **On average male association leaders earn €171,000, while female leaders earn around €150,000 on average.**

In looking at the 70% of salaried association leaders and 30% independent contractors, we observe the gender pay gap among female salaried association leaders has narrowed considerably. According to our 2023 sample female association leaders now earn on average €7,000 less base salary per year (€149,800 for women v €156,900 for men) which compares to a gap of around €20,000 the last time we did this survey in 2020. So for salaried employees the gender gap is now 5% in 2023 compared to 14% in 2020. Hopefully our last report had an impact on closing the gap!

However, in our 2023 sample, male independent association leaders earn substantially more than their female independent counterparts on average (€204,000 for men v €150,000 for women). Nevertheless these average figures conceal a number of outliers and examples of very well paid women. Indeed, in recent years, women have tended to be recruited (often as independents) for the highest paying association leadership roles we have been involved with at Dober Partners. It is also interesting to note that women are in charge of some of the most challenging association leadership roles in Brussels. Moreover, women lead several trade associations in the three best-paying commercial sectors for corporate public affairs practitioners, namely healthcare, financial services and the digital economy. Hence, despite this slight statistical "blip" for female independents, our general experience in Brussels is that women are considered equally alongside male candidates in salary negotiations.

Male association leaders

The median for male association leaders is 22 years work experience since leaving university. Almost 90% of male association leaders are happy or very happy in their jobs.

The average salary for a male salaried employee association leader is €156,900 in 2023 (versus €147,600 in 2020) with around one third of leaders receiving a bonus in excess of 10%. Almost one half of this segment do not receive any bonus whatsoever. 60% have a car lease or mobility allowance paid by the association and 85% have a group pension plan.

The average salary for a male independent association leader is €204,400 in 2023 (compared with €188,200 in 2020). Over 30% of this segment do not receive any bonus whatsoever which is half the number compared to 2020, meaning that quite a few association leaders must have been given extra incentives to perform during the pandemic. Indeed, the majority who receive a bonus earn more than 10% of annual fixed income that way, with many receiving 20% bonuses and higher.

Female association leaders

The median for female association leaders is also 22 years work experience since leaving university which is the same as the men, and the same as our 2020 poll interestingly! Over 80% of female association leaders are happy or very happy in their jobs. There are no unhappy female association leaders and almost 20% are just ok.

The average salary for a female salaried employee association leader is €149,800 in 2023 (compared with €126,800 in 2020). Almost one half receive no bonus whatsoever but around one third earn an annual bonus in excess of 10%. Two thirds have a car lease or mobility allowance paid by the association and nearly all have a group pension plan paid by the association (compared to 90% in 2020).

The average salary for a female independent association leader in our 2023 sample is around €150,000 which is lower than our 2020 figure but is at least partly explained by men taking over some well-paid women´s association leadership jobs. Also, only one third will receive an annual bonus in 2023.

– Salaried V Independent Association Leaders

The data below reflects another inequality which is between association leaders who are paid either as salaried employees or independent contractors. Many association leaders are employed as independent contractors accounting for around one quarter of the total, and a higher proportion among the top earners.

While there are certain advantages to being a salaried employee, including a degree of higher social protection, the benefits of being an independent contractor are manifold. These advantages are discussed further by our guest tax expert author Sylvie Dumortier on page 46. These advantages include the ability to deduct many types of business expenses that a salaried employee cannot, as well as saving significant amounts of money in social security potentially for the association, as well as the independent contractor.

By way of comparison the social security amount (on top of income and local taxes) to be paid by a salaried employee is 13% of the gross salary, while the employers' contributions account for around 27% leading to a combined social security bill of 40%. By contrast, independent contractors pay a lower rate of combined total social security capped at a maximum of €17,982 in 2023. Also, independent contractors can create considerable tax savings through legitimate tax deductions which are not possible for salaried employees.

So if we take the example (excluding benefits) of a salaried employee association leader who earns €200,000 gross salary the cost to the association would be €254,000 including €54,000 employer's social security costs; while the employee would pay an additional €26,000 in employee social security. Hence for a gross salary of €200,000 there would be a combined employer-employee social security bill of €80,000!

If an independent contractor invoices €200,000, however, he/she will pay the total social security bill up to a maximum of €17,982 compared to €26,000 as a salaried employee. The wild card here is VAT at 21% in Belgium. So, if an association cannot deduct all or part of VAT on invoices from an independent contractor the benefit to the association is much less.

International associations are subject to a special VAT regime in Belgium. Article 44 of the Belgian VAT Code allows for VAT deductions and exemptions, but a tax ruling depends on the proportion that an association lobbies versus other activities such as organizing industry-wide congresses. The boundary between promoting a sector and lobbying is not always easy to determine and therefore a potential source of conflict with the tax authorities.

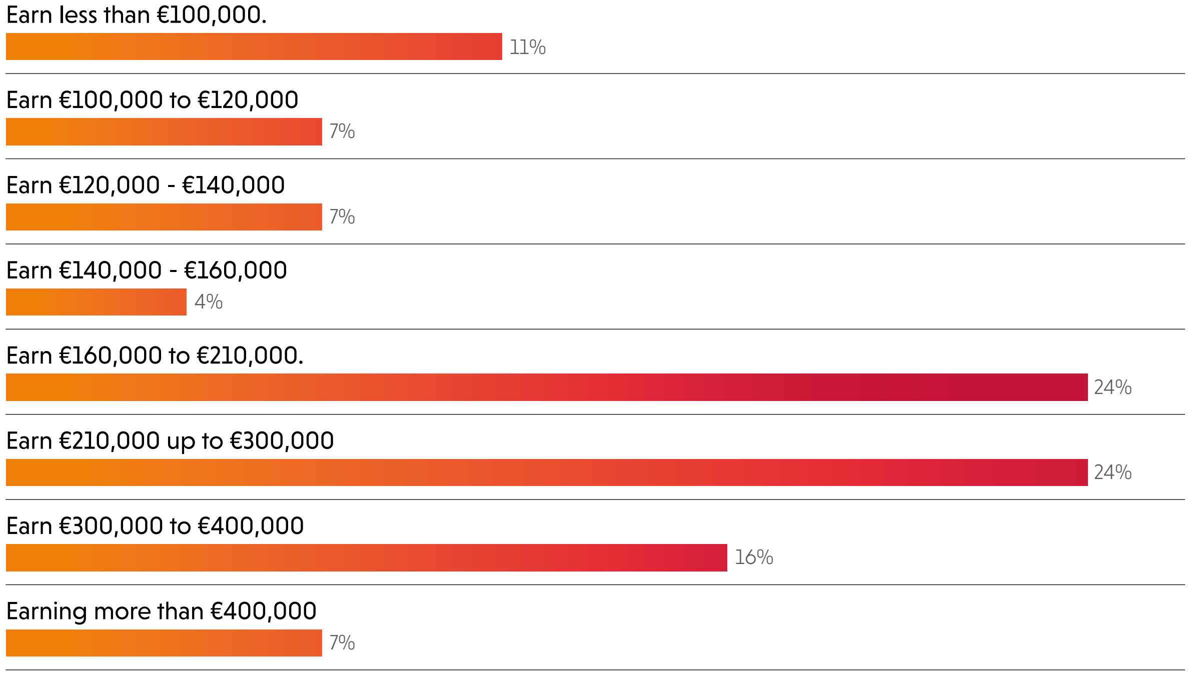
The data below highlights the differences between independent and salaried employee association leaders, regardless of sex, as this is a fairer comparison against which any gender gap may be measured.

– Independent Association Leaders

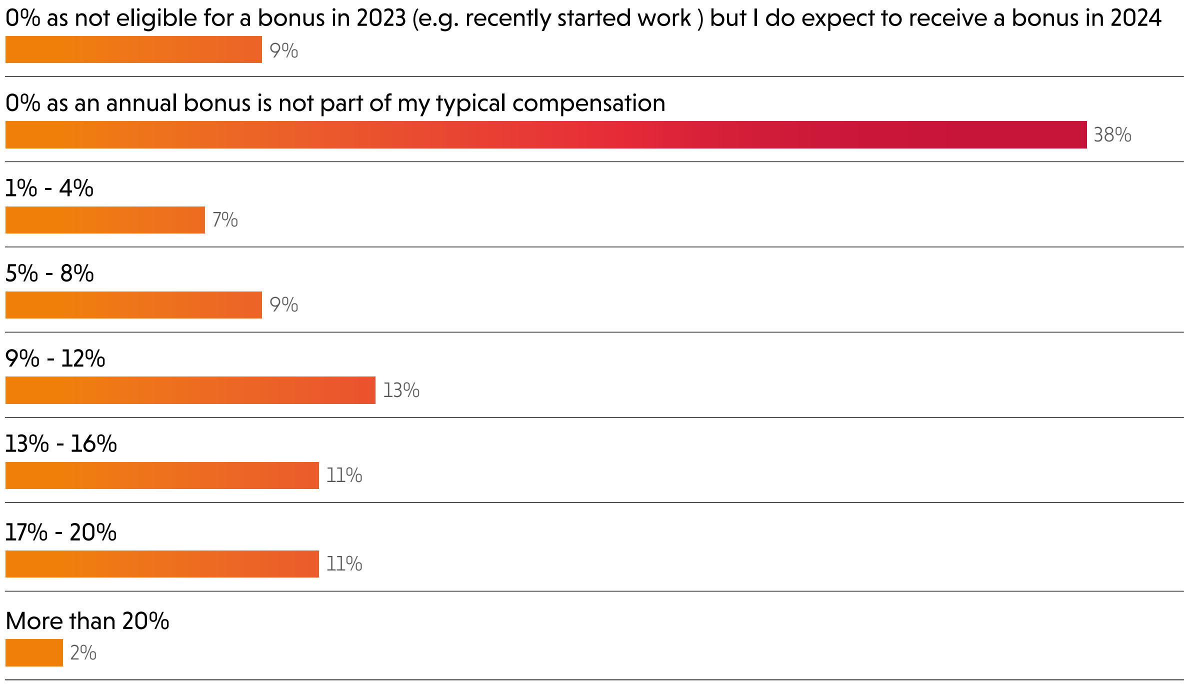
Basic salaries of independent salaried leaders

Around one in ten independent association leaders earn less than €100,000 but this group includes some who are part-timers and have other “side-hustles” or even primary incomes. However, around half independent association leaders earn more than €200,000 which is substantially more than back in 2020.

– Base annual 'salaries' of independent contractor association leaders

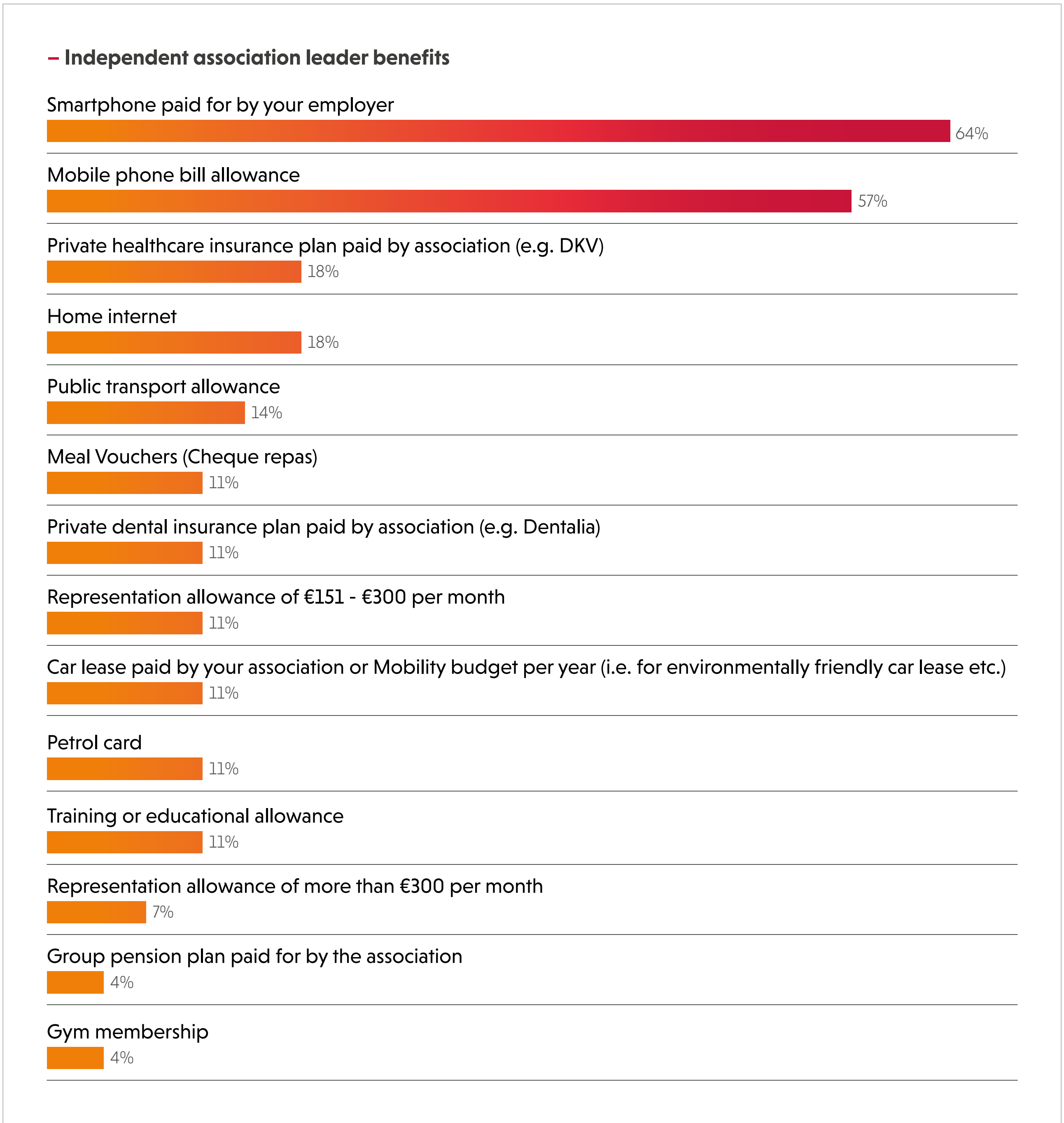


– Annual bonus as a % of independent leaders’ salary



Independent association leader benefits

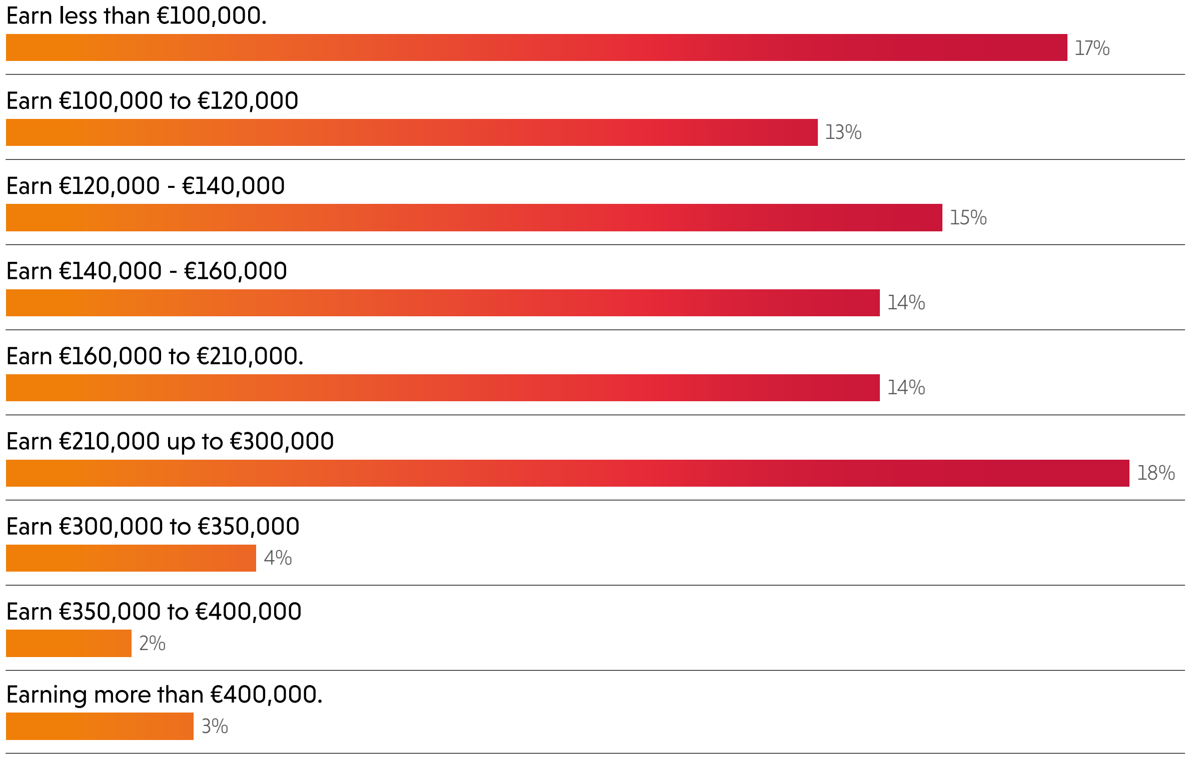
As most independent association leaders operate their own management firms (srls) they tend to organize their own pension plans and don't receive salaried employee benefits like cheque repas. However, it is possible for associations to pay independents for their car leases, phones and other costs as our research shows. In addition, some are given an informal representation allowance, and even meal vouchers which tends to be the God-given right of salaried employees in Belgium.



– Salaried Employee Association Leaders

Of the salaried employees:
In comparison with 2020, the number of salaried Secretaries General earning over €300,000 has more than doubled with almost 10% in this range now. The number of salaried SGs earning over €400,000 has also risen to a statistically significant 3% of all salaried SGs, compared with only a "fortunate few" in 2020. At the other end of the spectrum, significantly fewer salaried SGs earn less than €100,000 compared to 2020 (17% today versus 22% then).

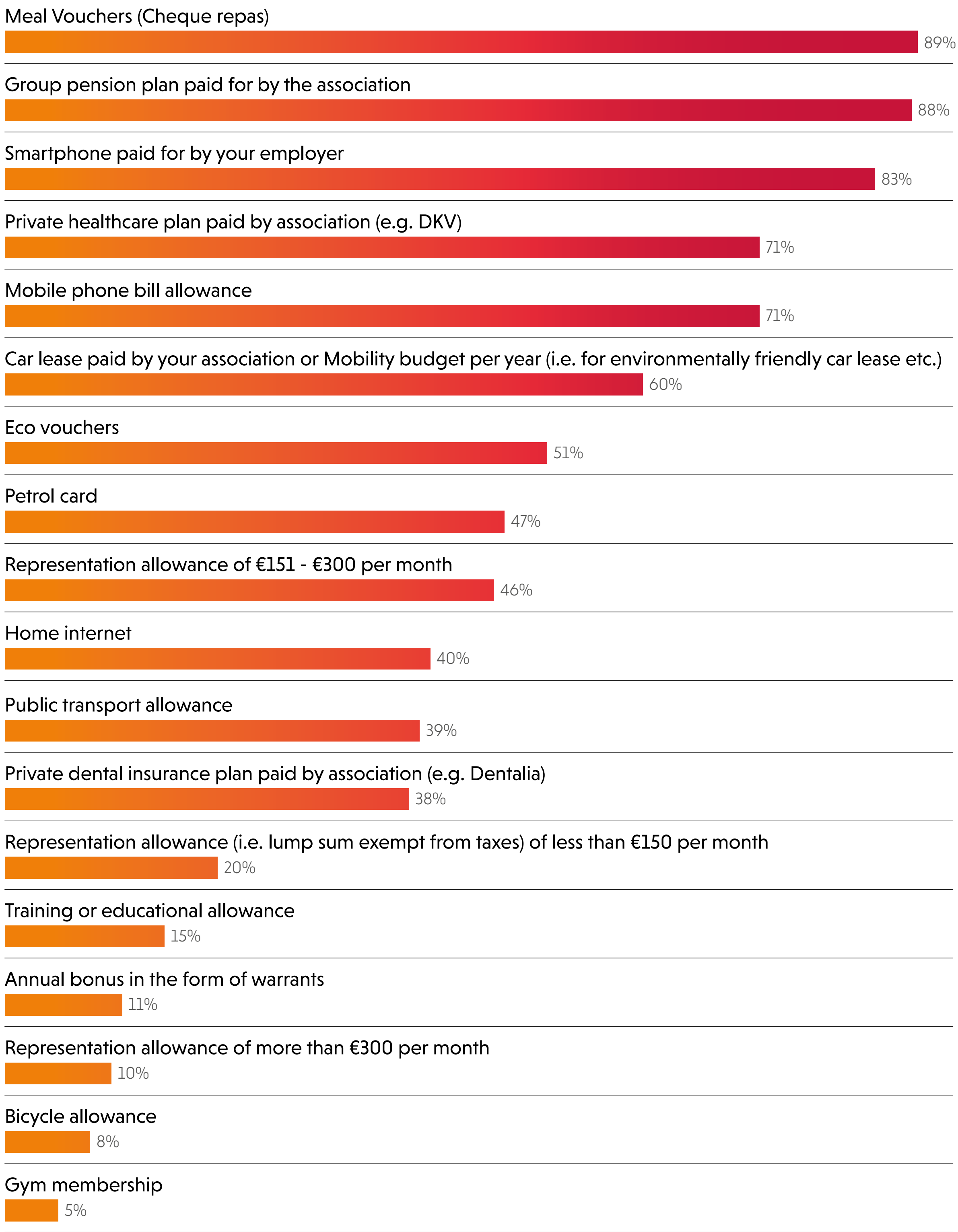
– Of the salaried employee association leaders



– Annual bonus of salaried employee

0% as not eligible for a bonus in 2023 (e.g. recently started work) but I do expect to receive a bonus in 2024	2%
0% as an annual bonus is not part of my typical compensation	46%
1% - 4%	9%
5% - 8%	10%
9% - 12%	12%
13% - 16%	6%
17% - 20%	4%
21% - 24%	6%
More than 24%	5%

– Salaried Association Leader benefits



Social Security Considerations for Independent Contractors

– Can Secretaries-General of European trade associations and not-for-profit organisations be self-employed?

Employing salaried employees in Belgium means paying employer social security contributions (+/-27%) on top of their gross salaries and deducting personal social security contributions (13.07%) from their gross salaries. These contributions apply irrespective of the employee's salary (uncapped). This does not apply when collaborating with self-employed workers, who need to pay for their own social security, be it on a capped annual professional income. Attractive, but can Secretaries General of not-for-profit organisations be self-employed workers ("indépendants" / "zelfstandige")?

The key distinguishing factor between salaried employees and self-employed workers is the existence of a link of subordination ("authority") between the parties. This subordination is typical for an employment relationship and rules out the possibility of self-employed labour.

So, does it suffice for Secretaries General of not-for-profit organisations not to be subject to subordination to qualify as self-employed workers for social security purposes?

No, unfortunately not.

In addition to the above rule of subordination, several presumptions of salaried employment for social security purposes apply, irrespective of the existence of a genuine link of subordination.

This is the case for Secretaries General of not-for-profit organisations. The Royal Decree of 28 November 1969 extends the social security regime for salaried employees to "persons who exercise, as their main remunerated activity, a mandate consisting in the daily management or direction of associations/organisations which are not engaged in industrial or commercial operations". The legal text explicitly refers to not-for-profit organisations.

Therefore, a remunerated Secretary-General who, as a main activity, carries out the daily management of a not-for-profit organisation by law comes under the social security scheme for salaried employees.

As a result, Secretaries General of such organisations working as self-employed workers will nonetheless be regarded as salaried employees for social security purposes if they are entrusted with the daily management of the not-for-profit organisation and are being remunerated for that mandate. Of course, this exposes the not-for-profit organisation to sizeable financial risks as the social security authorities may claim arrears of social security contributions (both employer (+/-27%) and employee (13.07%) contributions) on the fees paid over the last three years (ten years in case of fraud), plus a penalty (10%) and late interest (7%). In principle, criminal or administrative penalties for non-compliance with the Social Security Act may also be imposed.

One way to limit the risk is not to remunerate the Secretary-General for his or her mandate of daily management.

But what if not a "physical" person but a management company would be appointed as Secretary- General and be entrusted with the daily management?

Well, the above rule in principle does not apply in such a case. There can be no employment contract between two corporate entities, as an employment contract requires the worker to be a physical person. Moreover, in commercial companies, the opposite applies: directors of a commercial company are presumed to be self-employed workers for social security purposes.

As a result, since management companies cannot be considered salaried employees, the Secretary General is presumed, as the director of his or her own company, to be irrefutably acting as a self-employed worker. However, such a set-up requires strict discipline in practice for the following reasons:

The corporate structure must at all times be observed.
It is not the Secretary-General in person but the management company that is entrusted with the daily management of the organisation and thus acting as "Secretary-General". Reference must therefore at all times be made to the management company, and the relationship should be with the management company and not with the person behind the management company.

It should therefore first be checked if that is feasible and desired in practice. Indeed, the mere existence of a corporate entity through which the daily management services are performed does not totally exclude the possibility that there could also be a direct relationship between the physical person behind the management company and the not-for-profit organisation. If it is established that such a direct relationship exists, the above presumption of a salaried employee again comes into play with all the consequences thereof. The social security authorities do not shy away from relying on this presumption if the direct relationship between the physical person behind the management company and the not-for-profit organisation is apparent. Then the corporate structure could be shattered.

Absence of a subordinate relationship
The Secretary-General should at all times work outside any subordinate relationship, including towards the board of the not-for-profit organisation. The general criteria to assess false self-employment apply: freedom of work and working time, absence of hierarchical control, no precise instructions as to "how, what, when" the mandate should be performed and the way of performing the mandate, etc.

In conclusion, parties should thus be careful and disciplined when setting up (through a management company) self-employment arrangements for Secretaries General of not-for-profit organisations. It should be ensured that the self-employed Secretary-General can in practice execute the daily management while the corporate structure is observed and that a correct attitude towards the Secretary-General is adopted. If not, social security contributions for salaried employees will be due. Further, in case of requalification in an employment relationship, Belgian employment laws will apply and tax consequences may come into play.

Sophie Maes
Attorney - Partner Claeys & Engels

Deputies

There can also be a substantial gap between the remuneration of an association leader and their deputy and first line management. According to our research, there seems to be a new, younger post-pandemic generation of Deputies:

- **Around one third of Deputies have 10 years of work experience or less since leaving higher education compared to very few in 2020.**
- **The average Deputy has around 14 years work experience (which compares to an average of 22 years for their bosses).**
- **Like their bosses, around two thirds of Deputies are men and one third women.**
- **Around 85% are salaried employees and only 15% are independents.**

Salaries are much higher for independents in this category, with a number of independent Deputies earning in excess of €200,000 in larger associations.

The average mean salary of a salaried Deputy is around €115,000. Only one half receive a bonus - of which around one third expect a bonus in excess of 10% of their annual salary.

According to our poll of Deputies:

- **Around 50% earn less than €110,000.**
- **Almost 40% earn €110,000 to €200,000.**
- **About 10% earn over €200,000.**

Perks and benefits were largely similar to those of the leaders, although generally with lower amounts in their group pension plans and lower representation allowances.

Policy Roles

Achieving favourable EU policy outcomes is the primary expectation of European business association members, even ahead of promoting an industry and its reputation according to our previous research.

From an institutional perspective, business associations are highly valued, as they provide a source of technical expertise often lacking in their own services. The fact that European associations help build consensus makes the lives of EU institution officials easier, to the extent that the European Commission has said that it "tends to favour European (con) federations over representatives of individual or national organisations". Hence, policy and regulatory roles are particularly important for trade associations.

Heads of Policy (across the association)

The Heads or Directors of Policy also have other functional titles spanning Public Affairs, EU Affairs and Advocacy across the Association. According to our research the majority of heads of policy in trade associations are highly experienced (around 50% have between 10-and 20-years work experience since leaving university, and a further 30% have 20 to 40 years' experience). Around 90% are salaried employees and 10% are self-employed. There are now many more Heads of Policy earning in excess of €200,000 compared to 2020 – with now around 1 in 5 in this group.

Trade Association Head of Policy Salaries:

- **15% earn less than €70,000.**
- **16% earn between €70,000 and €90,000.**
- **14% earn between €90,000 and €110,000.**
- **26% earn between €110,000 and €130,000.**
- **5% earn between €130,000 and €170,000.**
- **7% earn between €170,000 and €210,000.**
- **12% earn between €210,000 and €250,000.**
- **5% earn more than €250,000.**

Average mean salary for a Head of Policy in 2023 is around €123,000.

Of the salaried Heads of Policy:

- **Around one third have a car paid for by the assocation or a mobility allowance.**
- **One third receive a representation allowance beween €151 - €300 per month**
- **One in five receive a representation allowance of less than €150 per month.**
- **Almost one half do not receive any representation allowance at all.**

– Policy Officers

Policy Officers are also known as Public Affairs Managers or Advisers in some trade associations and vary in seniority from Senior to Junior. Virtually all policy officers are salaried employees.

Depending on the association, **Senior Policy Officers** earn typically anywhere between €50,000 and €100,000 with an average base salary of around €71,000. Around one in five earn more than €100,000, and up to €130,000 at the top end. Almost 60% receive some form of annual bonus and one quarter have a car allowance. Around three quarters have between 4 and 14 years of work experience with the average around 9 years since leaving university.

Most **Policy Officers** in trade associations have less than 7 year's work experiences and almost one third have less than three years as it can be one of the first steps in an association career. Around 80% earn less than €60,000 per annum with a top salary in this category being in the high 80s. The average salary for this category is around €53,000 with around 40% earning less than €40,000 per annum. Almost nobody gets a car at this level but one in five receive a representation allowance of under €150 per month.

Communication Roles

We all know reputation matters. While it takes years for an association to build up a good reputation, it can be shattered in just a few hours by poor leadership or unethical behaviour. The association communications team are the guardian of the sector's reputation in Brussels and their work should also complement the sector's public affairs activities.

There are many definitions of reputation but in this context, we like to talk about meeting stakeholder expectations. In other words, a good or bad reputation is all about the degree to which an association or sector meets the expectations of its stakeholders. If a particular sector disappoints its stakeholders, the reputational and regulatory fall-out will be considerable.

Usually improving the reputation of the sector is the second most important expectation of association members after lobbying. In our experience, however and particularly at the pan-European/EU level it is rare that an association has sufficient budget, or headcount, or even the mandate to deliver against the ambitious expectation to improve the reputation of an entire sector. For instance, while many stakeholders such as NGOs or the media expect a European association to represent a sector's views across the EU, in practice its communications outreach is often confined to the Brussels village. Nevertheless, thanks to social media and the growing importance of digital media, associations are increasingly aware of the need to have a stronger communication capability, led by experienced professionals.

It is said that women tend to dominate the communications profession, but our last 2020 report indicated almost a 50-50 gender split in communication roles in Brussels associations with even slightly more men than women leading the function. Our 2023 sample of 70 communication staff indicates there has been quite a gender shift, with women in charge of around two thirds of association communication functions, and women dominating in the communication teams as well. In the last few years, we also note there has been somewhat of a 'Brexodus' of native (especially male) English-speakers from Brussels, particularly in communication roles where they traditionally attracted somewhat of a premium in an association context where English is still the lingua franca. Indeed, our recent analysis of the entire community of communications professionals working in the EU bubble (the majority of whom work in the EU institutions) show that there are surprisingly few native English-speaking communicators left in Brussels.

> "Question: Why do women dominate the communication profession? Answer: "Women are often thought to have stronger communication skills than men. This perception may be due to societal expectations and stereotypes that women are more nurturing, empathetic, and better at building relationships. These skills are highly valued in the communication profession, which may make it more appealing to women."
>
> ChatGPT search result April 2023

Heads of Communication

The **Heads or Directors of Communication** tend to be quite seasoned with typically between 8 and 35 years work experience.

In the last four years there is some salary movement at the top end of the communication profession where their roles are increasingly valued, but typically still communication roles pays substantially less than equivalent top policy or regulatory roles. Heads of Communications have around 13 years of work experience on average with 80% of them ranging from 11 to 34 years. Around two thirds receive an annual bonus but for most of them it is less than 8% of their annual salary.

- **20% earn less than €70,000.**
- **17% earn between €70,000 and €90,000.**
- **20% earn between €90,000 and €110,000.**
- **25% earn between €110,000 and €130,000.**
- **13% earn between €130,000 and €150,000.**
- **5% earn more than €150,000 with some top earners working on an independent basis.**

Benefits are also lower for salaried Heads of Communication than some of their senior association colleagues. Only one third have a car lease or mobility allowance paid by their association. Around one half receive a representation allowance of which the majority make €151 - €300 per month.

On average **Senior Communication Managers** have around 12 years working experience since leaving higher education. Nearly all of them are paid between €50,000 and €100,000 with an average salary of around €70,000. More than half receive a bonus in excess of 10% of annual salary. One in four have a car lease or mobility allowance.

Communication Managers typically have around 4 to 7 years work experience, with a third having worked for 8 to 14 years. The average salary is around €53,000, with some earning closer to €40,000 while around third earn between €70,000 and €90,000. Around two thirds receive an annual bonus. One third have a representation allowance but only some seasoned managers have a car allowance.

Sector Group or Policy Area Roles

A number of larger associations divide their policy groups under very senior titles – which in many ways are comparable in seniority to Secretaries General of smaller associations. For instance, Cefic the chemical association and EFPIA representing the pharmaceutical sector employ very senior Executive Directors in their leadership team. Other associations even have Managing Directors of specific sector groups or policy areas.

In general this is a seasoned group with an average of 17 years work experience but also an extremely diverse category, as some smaller associations may have split responsibilities for key policy leads between two or three people – hence when we looked at the data despite a good sample size for this particular category we observe a rather unique spread of salaries ranging from €60,000 to €230,000 – similar to when we last did this exercise in 2020.

Therefore, we are very cautious about making any conclusions on this category – although some general observations are interesting to note. For example, around three quarters receive an annual bonus, of whom half receive meaningful bonuses ranging from 5% to 16%. Nearly all are salaried employees. Two thirds have a car lease but only one third have a representation allowance which is surprising given their relative seniority. Over 80% are happy in their job and nobody is unhappy.

– Sector Group Managers

This title is used almost exclusively by Brussels´ largest trade association Cefic. The category encompasses staff with a very broad range of experience and expertise including some staff with less than 7 years in work, and others with more than 20 years. In line with different levels of relative seniority, salaries vary with more than half earning €50,000 to €70,000 and quite a few in the €90,000 to €110,000 range. Everyone earns a bonus which is mostly in the 5% to 8% range. Typical benefits include group pension plan and private healthcare insurance, but nobody has a car lease in our sample. Nobody is unhappy in this category and most Sector Group Managers are happy, just not as happy as their peer-level policy managers and communications managers in other associations.

Regulatory Affairs & Technical Roles

Directors or Heads of Regulatory Affairs and/or **Technical & Scientific Affairs** are generally an experienced group with three quarters having more than 11 years' work experience. Nearly all are salaried employees. In our sample the majority earn between €90,000 and €130,000 with a fortunate few earning substantially more. Almost all receive an annual bonus. Around 60% have a car lease with a petrol card. Less than half receive a representation allowance. Nearly all have a pension plan and a hospitalisation plan.

Regulatory Affairs Managers, as well as **Technical Managers** or **Scientific Affairs Managers**, have on average 9 years work experience. They are all salaried employees. Salaries range typically from €50,000 to €80,000 but there are some outliers earning much more than this, and a few earning less typically on a part-time basis. One in ten have a car lease paid by the association with a petrol card. Around one quarter have a representation allowance.

Regulatory affairs is a profession developed from the desire of governments to protect public health by controlling the safety and efficacy of products in areas including pharmaceuticals, veterinary medicines, medical devices, pesticides, agrochemicals, cosmetics and complementary medicines, and by the companies responsible for the discovery, testing, manufacture and marketing of these products wanting to ensure that they supply products that are safe and make a worthwhile contribution to public health and welfare. A new class of professionals emerged to handle these regulatory matters for companies" and associations!

The Organisation for Professionals in Regulatory Affairs.

Legal Affairs Roles

We only had a relatively small sample of people in this category in our survey, but it is fair to say that a legal function separate from regulatory affairs only exists in a relatively limited number of associations.

In our sample the salaries of Heads or Director of Legal Affairs ranged from €100,000 to €170,000 but we are aware of people in this role earning higher packages. This tends to be a very experienced group often with 20 plus years work experience.

Legal affairs advisers form a more disparate group ranging from people working in part-time roles and others earning salaries less than €50,000, to some mid-level practitioners earning €60,000 to €80,000, and even a few more experienced managers earning more than €110,000.

Sustainability, Environment & Climate Change Roles

The EU's Fit for 55 and Green Deal brought sustainability into sharp focus for entire European industries. The EU is considered to have the most extensive environmental laws of any international organisation, with environmental legislation covering issues such as acid rain, the thinning of the ozone layer, air quality, noise pollution, waste, water pollution and sustainable energy. The Institute for European Environmental Policy estimates the body of EU environmental law amounts to well over 500 Directives, Regulations and Decisions. Hence this is a very important function for most European trade associations where we have witnessed an increase in demand for talent and headcount. .

The lead role is often called the Director, Sustainability or Environment and/or Climate Change. Generally, they are a seasoned group with between 10- and 30-years work experience. In many associations salaries range from €80,000 to €120,000 but rewards can be as high as over €200,000 in trade associations where sustainability is business critical. 60% of our sample have a car or mobility allowance, and 40% have a petrol card.

Interestingly in our latest research there are quite a few Senior Managers earning more than Directors of Sustainability. Reflecting on why this might be the case and looking at specific association examples, there seems to be a logical (but not universal) correlation between the business impact of sustainability on a business sector, and the investment in a sustainability function or team within a trade association. For example, some associations have five or more dedicated staff just for sustainability issues which is larger than many entire trade association secretariats.

The majority of Senior Managers in this field earn between €60,000 and €90,000 with a substantial group earning between €100,000 and €120,000. In our sample almost one third have a car lease or mobility allowance. Less experienced Managers in this field earn around €55,000 on average.

Trade Policy

As it implies in the name, trade associations have always been involved in trade through their history. For example, one of the oldest trade associations was established in 1599 by the city of Marseille to be its first chambre de commerce and empowered it to send consuls, embassies, and commercial missions to foreign countries. Today, Brussels trade policy experts are employed across many mid-to-larger associations to work on diverse issues from organising trade defence cases against China, compiling trade statistics, and influencing trade agreements with third countries. This specialist area, often linked to the policy or regulatory function, values technical expertise and specialist backgrounds such as law and economics which tend to earn higher salaries.

Indeed, Heads or Directors of Trade Policy have over 20 years of work experience on average in our sample. Most earn a base salary of between €110,000 to €140,000 with a few outliers earning almost double the average, and even annual bonuses over 20%. Trade is one of those areas where a clear monetary value can be established for an industry sector by winning a successful antidumping case for example, or a new market being opened abroad for a particular product through a free trade agreement or at reduced tariffs. Hence, there are a few real high-performers and high-earners in this senior segment where there tend to be fewer junior staff.

Project Managers

Project management implies quite different things across many trade associations, employing quite different people. Project management is defined as the use of specific knowledge, skills, tools and techniques to deliver something of value to people. Given this broad scope, we observe association project management personnel with backgrounds in areas as diverse as finance, analysts, law, and IT.

Essentially, projects are usually temporary efforts to create value through unique products, services, and processes. Some projects are engineered to quickly resolve problems. Others require extended timelines to produce outcomes that will not need major improvements. So, while some Project Managers in trade associations are working on time-limited projects, it is also a function and title that has long term if not permanent implications in others. For instance, there are quite a few Project Officers at Eurochambres one of Brussels larger trade associations.

EU funded projects are important for many of these trade associations and project leaders are involved with their procurement, management and assessment. At the top end some project management staff earn around €100,000 but most are in a band between €50,000 to €60,000. Only the most senior have a car while other benefits are in keeping with a lower salary level.

Finance & Operations Roles

Good finance and operations leaders are always essential to the successful running of an association, and the skills and expertise required go beyond a grasp of the numbers. As one Director General told us "A good association finance head is literally worth his or her weight in gold". This is particularly true currently; when national associations and companies are taking an even harder look at their expenditure on European associations; and when reserves are being eaten into thanks to wage inflation.

Good finance leaders are indeed mission critical as income stability or growth is one key measure of success for associations; others include positive cash flow, a manageable debt load, and a drive toward efficiency in holding down variable costs. Hence, rather than being seen as a separate function just doing the books, the operations function should be integrated within, and add value to, the overall planning and management of the association. As staff costs are usually the greatest cost item on the balance sheet, income and social taxes are significant line items whether they fall on the employee or employer. Timely managed declarations will avoid payment of penalties that could be quite significant. VAT obligations need to be understood, and as a not-for-profit, an association can benefit from VAT exemptions – for example, charging membership fees without 21% VAT on top.

Good finance leaders are willing to take a stand on sometimes controversial issues in an association context, and have the confidence to challenge decisions made by others on what might be a costly or risky move, as well as navigating the blurred lines between accounting, IT, administration and HR. Furthermore, trade associations involved with EU challenges in transport, energy, ICT, research and innovation to name just a few are major beneficiaries of EU funding - and typically the Head of Operations and Finance plays a key role in applying for, managing and evaluating such funds which can run into millions of euros.

Hence salaries can be high in this category with top earners in this area for larger associations earning €200,000 to €250,000 and we even know some earning substantially more. However, over one half of heads of finance earn less than €140,000 with most in the €100,000 to €160,000 range. Nearly all are salaried employees even on these higher salaries. Around 70% receive a car or mobility allowance and 60% earn an annual bonus.

Titles for this role include Chief Operations Officers (COO), Head of Operations and Head of Finance & Operations working closely with or in the association leadership group. Interestingly, women outnumber the men in this category of association leaders. Experience and knowledge count a great deal in this function, and everyone in our sample has at least 10 years and an average of 23 years working. This seems to be an unusually content group of people with over 90% reporting they are happy or very happy!

There does seem to be a correlation between the overall financial scale of an association and the salaries of the finance staff. In mid-size associations there are quite a few senior finance staff earning €70,000 to €100,000. Smaller associations usually cannot afford a COO, however, and the role is often split between the Secretary General and an external accountancy firm working with or without an Office Manager.

Finance Managers, reporting into the COO or Head of Finance, are also seasoned practitioners with an average of around 16 years work experience. Even though they earn much less than their bosses, 80% of them are happy or very happy! Almost two thirds of Finance Managers earn less than €60,000, some of whom work part-time. Around one quarter are in the €70,000 to €110,000 brackets with very few earning more than the top end. Less than 10% receive a car or mobility allowance. All are salaried employees.

In this study we decided not to investigate certain other specialist operations categories such as HR and IT, as they tend to exist in only the larger associations.

Belgian Taxes On Compensation & Benefits

Most mid to senior level secretariat staff in European associations earn more than the highest income tax bracket of €46,440 and incur the highest 50% tax rate as per the table below.

– Personal income tax rates

Tax brackets for income year 2023 are applicable to net taxable income after the deduction of social security charges and professional expenses.

Taxable Income (EUR)		Rate (%)	Tax on bracket (EUR)	Cumulative tax (EUR)
Over	Not Over			
0	15,200	25	3,800	3,800
15,200	26,830	40	4,652	8,452
26,830	46,440	45	8,824.5	17,276.5
46,440	and above	50		

In addition, local communal taxes are levied at rates varying from 0% to 9% of the income tax due. The average rate being 7%.

The employee's share of social security taxes is 13.07% of the total gross compensation, with no cap (except for independent contractors).

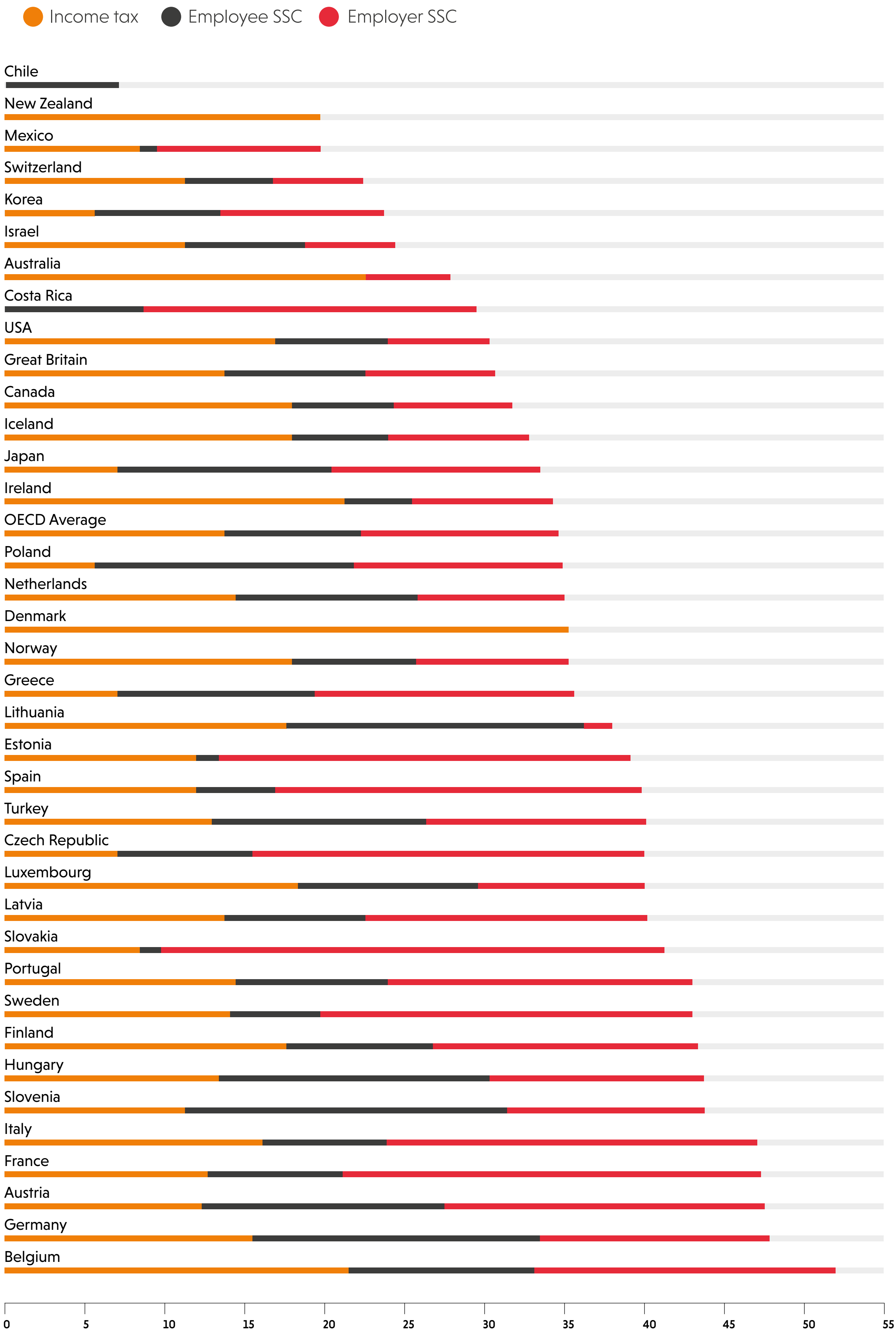
The employers' social security contributions for white collar workers in Belgium amounts to around 27%, depending on the sector.

When we recruit senior positions for European Associations, board members who are not residing in Belgium are often shocked at the relatively high costs of employing staff compared to their own countries. High salaries are hardly surprising, however, given such high levels of social security and income taxation. In addition to having one of the highest minimum wages in Europe, Belgium also has strong labour laws that protect the rights of workers at a national level.

The OECD just released their new 2022 Comparison of the Tax Burden on Labour, and Belgium come out as world tax champions again. The "tax wedge" is a measure of the tax on labour income, which includes the tax paid by both the employee and the employer. The "tax wedge" is simply the difference between an employer's cost of an employee, and the employee's net disposable income. Belgium had the highest tax wedge among the 38 OECD member countries, occupying the same position in 2020 when we last produced this study. According to the OECD, the "tax wedge" faced by single workers without children ranged from 0% in Colombia to 52.6% in Belgium.

Germany ranks second at 48% which means Belgium is the only OECD country where taxpayers give more than half their labour income to the state. However, we do benefit from world-class healthcare and a generous social security scheme which proved their worth during the pandemic.

– **Labour taxes vary considerably across OECD countries with the tax wedge for the average single worker ranging from 0% in Colombia to 52.6% in Belgium**



The OECD Table shows that the tax wedge between the labour costs to the employer and the corresponding net take-home pay for single workers without children, at average earnings levels, varied widely across OECD countries. On average, the personal average tax rate for a single worker at average earnings in OECD countries was 24.6% in 2021. Belgium had the highest rate at 39.8% of gross wage earnings; Denmark, Germany and Lithuania were the only other countries with rates above 35%.

However, there may be some good news on the horizon, as we go to print the Federal Government is planning to introduce a major tax reform which could see net salaries in Belgium increase by an average annual amount of €835 as early as 2024. Under the proposed scheme presented by Minister of Finance Vincent Van Peteghem (CD&V) in March 2023, Belgium's tax burden would undergo a major shift from labour to capital and consumption – thereby significantly increasing the take-home salaries of most Belgian taxpayers. Under the new scheme, the tax-exempt portion of Belgians' salary would increase from €10,160 to €13,500, while the threshold for entering Belgium's 45% tax bracket would rise from €46,440 to €60,000. Let's believe it when we see it enter force though, as the usual direction of Belgian taxes is upwards!

> "Everybody moans about paying their taxes, but Belgians have more reason than most to complain. Data from the Organisation for Economic Co-operation and Development shows that Belgium has the highest income taxes in the developed world."
>
> CNN

Tax Considerations for Independent Contractors

Management companies acting as Secretaries-General of not-for-profit organisations: tax advantageous?

Providing professional services through a management company is not only common in Belgium as a way to work independently and pay capped Belgian social security contributions but it can also be advantageous from a tax point of view.

The main reason is attributable to the great difference between personal income tax rates and corporate tax rates, which in addition have been recently reformed. Today, the top individual tax rate reaches 50% (plus municipal taxes) as from a personal taxable income of EUR 46,400 (in 2023) whereas the standard corporate income tax rate is lowered to 25% as of tax year 2021 (financial years ending 31 December 2020 and later) without any crisis tax (which was abolished). Since 2018, small enterprises can even benefit from a reduced rate of 20% up to EUR 100,000 of taxable profit; however, the payment of a minimum director's salary of EUR 45,000 is required.

Working with a management company is also a matter of channelling the company's profit after tax into other types of income, as a way of recompensing its director. Consequently, the director is remunerated by his or her own company as opposed to receiving a monthly employee salary from the not for profit organisation. As soon as the management company generates an income and is taxed on it accordingly, the latter can decide how to pay out the profit after tax to its director: salary, pension, dividend, fringe benefits, professional expenses.

Until recently, the pre-eminent legal form to perform a management activity was the private limited liability company (BVBA/SPRL or EBVBA/SPRLU if the company was set up by only one partner).

However, on 1 May 2019, the new Belgian Code on Companies and Associations (BCCA) entered into force. The new Code replaced the BVBA/SPRL with a "new" form of company: the BV/SRL (besloten vennootschap / société à responsabilité limitée). The intention of the legislator is to make the BV/SRL the standard company form that can be easily customised through its articles of association. The BV/SRL allows for more flexibility than the BVBA/SPRL in terms of among others, funding (with the abolishment of the minimum share capital requirement), distribution of profits and governance.

BCCA applies to new companies incorporated after 1 May 2019. It applies to existing companies as of 1 January 2020, except for certain rules or in case of "opting in". Abolished company forms will be automatically converted on 1 January 2024, unless the company has voluntarily decided to convert prior to that date.

As said, flexibility was one of the drivers behind the Corporate Law reform. In order to enhance flexibility, dividend distributions can now be made at any time in the BV/SRL. A BV/SRL will therefore be able to distribute dividends based on the profits of an ongoing financial year, (e.g., "interim dividends"), after checks to protect third parties: a net assets test and a liquidity test.

Distributed dividends are taxed at the separate tax rate of 30%, which might suggest that management companies are far less advantageous than in the past, when lower withholding tax rates applied. This is without counting on the reduced tax rate of 15% applied on dividends distributed according to the so called the "VVPR-bis" regime (Verlaagde Voorheffing/Précompte Réduit) as per Article 269, §2 of the Belgian Income Tax Code. Small companies that have been incorporated as from 1 January 2013 may distribute dividend income against a reduced rate of 15%, provided that certain several strict conditions are met. One of these requires that dividends distribution occur after the closing of the fourth or subsequent accounting years following the year in which the contribution is made. This deferred distribution certainly enables lowering the total tax burden on the mid and long terms. This possibility should of course be contemplated in view of the

Secretary-General's liquidity needs during the first three years of existence of his or her management company.

Secretaries-General can also benefit from advantageous tax rates on a deferred payment of capital outflow through the constitution of a liquidation reserve. It is an opportunity to build a capital payable upon liquidation of the company at retirement age for example or benefit from a reduced withholding tax of 15% (instead of 30%) in case of earlier distribution.

Article 541 of the Income Tax Code allows small companies again to incorporate benefits of any income year into a "liquidation reserve". The creation of this liquidation reserve is accompanied by the immediate deduction of a separate 10% contribution to be paid by the company. The subsequent distribution of this reserve to the shareholder may then benefit, under certain conditions, from a reduction or even an exemption from withholding tax.

If the management company is liquidated, the part of the liquidation bonus coming from the liquidation reserve which has been subject to a separate contribution of 10% may be distributed to the shareholder on a tax-exempt basis. In the case of a natural person/shareholder, this distribution is considered as non-taxable income.

If the liquidation reserve is distributed as a dividend outside the liquidation of the company, the shareholder cannot benefit from this tax exemption. In this case, a withholding tax is due, the rate of which varies according to the time period within which the distribution takes place since the creation of the liquidation reserve. If this period is longer than five years, a withholding tax of 5% will be due (taking into account the 10% contribution, this results in a total tax burden of 15%).

The Belgian tax authorities regularly criticise the use of management companies and audit the easiest area to target: the deduction of professional expenses. Nonetheless, if properly structured and implemented, the use of a management company to provide individual personal services remains a valuable legal working structure.

Sylvie Dumortier
Tax Partner Claeys & Engels

– New special tax regime for inbound taxpayers and researchers

A tax regime for inbound taxpayers and researchers has been introduced by the Programme Act of 27 December 2021, replacing the former special regime for foreign executives.

Unlike the former regime, the employer or company where the inbound taxpayers or researchers work no longer needs to be part of an international group. The new regime is open to any enterprise registered with the Belgian Crossroads Bank for Enterprises meaning it can be implemented in Belgian resident companies, Belgian establishments of a foreign company, foundations and also not-for-profit organisations (ASBLs and AISBLs).

Significant benefit
In essence, the major advantage of this new scheme lies in a lump-sum allowance that can be granted as the employer's own expenses. This lump-sum allowance of up to 30% of the gross annual remuneration is exempt from Belgian tax and social security contributions (personal and employer). However, the amount of this allowance is capped at EUR 90,000 per year.

Requirements

To access this new regime, the applicant cannot, during the 60 months preceding his/her entry into service in Belgium:

- have been a tax resident in Belgium or been subject to non-resident tax on professional income; and
- have resided at a distance of less than 150 kilometres from the Belgian border.

In addition, there is a remuneration threshold : the gross annual remuneration received for his/her taxable activities in Belgium has to amount to at least EUR 75,000 (taxable benefits in kind included). Alternatively, those who devote at least 80% of their working time to research activities may, subject to certain conditions, escape the requirement related to this minimum level of remuneration.

It's interesting to note that there is no requirement for the inbound taxpayer or researcher to become a tax resident of Belgium. (S)he may work in Belgium during the week for example and return to his/her home country during the weekends where his/her close family lives (as long as his tax residence is beyond the 150km limit).

Procedure
In order to benefit from the new regime, the employer must submit an application to the tax authorities within three months following the start of the taxpayer's employment in Belgium.

To this end, the employer must complete a form in which he confirms, among other things, that the gross remuneration has exceeded EUR 75,000 since the employee concerned entered into service in Belgium. Details of the salary must also be provided.

A certificate completed and signed by the employee confirming his or her agreement and a copy of the employment contract must be attached to the application.

It should be noted that the lump-sum allowance must be contractually fixed and paid on top of the agreed gross remuneration. Consequently, it is not possible to stipulate that the 30% allowance is included in the agreed gross remuneration. Special care should therefore be taken when drafting the employment contract in order to ensure that the clauses relating to remuneration and reimbursement of the employer's own expenses are properly formulated.

Time-limited
This regime applies for the duration of the taxpayer's employment in Belgium, with a maximum of 5 years, renewable in certain circumstances for an additional 3 years.

Conclusion
The basic aim of this regime is to attract foreign talent to Belgium through an attractive remuneration, thanks to the advantageous system of reimbursements of the costs due to the employment in Belgium. Let's hope that the introduction of this new special regime for incoming taxpayers and researchers will provide new opportunities for AIBSLs ... Probably, figures speak for themselves !

Say the employer intends to offer a gross package of EUR 184.700 (being EUR 150.000 as gross salary and a target bonus of 20% (EUR 30.000 to be increased with holiday pay on bonus) to an employee from London for example. (S)he had never lived or worked in Belgium before.

Under the new special tax regime, a reduced salary of EUR 150.000/1,30, being EUR 115.384,62 can be agreed upon. The target salary of 20% (and the holiday pay due on it) will be reduced proportionally as well (EUR 30.000/1,30 = EUR 23.076,92). However an exempted allowance of EUR 42.623,08 (30% of EUR 115.384,62 + EUR 23.076,92 + EUR 3.615,39) can be granted on top of the salary under favourable conditions. This leads to a 23% increase of the employee's net income and a 5% decrease of the employer's cost (calculation 2), compared to the standard tax regime (calculation 1).

	Calculation 1	Calculation 2
Gross-net wage	**Without special tax regime**	**With special tax regime**
Gross base salary	129,310.34 €	99,469.49 €
Gross end of year premium	10,775.86 €	8,289.12 €
Gross double holiday pay (85%)	9,159.48 €	7,045.76 €
Gross supplementary holiday pay (7%)	754.31 €	580.24 €
30%-rule	**- €**	**42,623.08 €**
Gross variable salary	30,000.00 €	23,076.92 €
Gross single holiday pay on variable salary (8%)	2,400.00 €	1,846.15 €
Gross double holiday pay on variable salary (85%)	2,125.00 €	1,634.62 €
Gross supplementary holiday pay on variable salary (7%)	175.00 €	134.62 €
Total gross income	**184,700.00 €**	**184,700.00 €**
(Minus) 30% rule	- €	-42,623.08 €
Subtotal	**184,700.00 €**	**142,076.92 €**
(Minus) Belgian social security contributions for employees (13,07%)	-24,018.83 €	-18,476.02 €
Taxable income	**160,681.17 €**	**123,600.90 €**
(Minus) Belgian income taxes (including communal taxes)	-66,358.82 €	-50,482.68 €
(Minus) Special social security contributions	-731.28 €	-731.28 €
30% rule	- €	42,623.08 €
Estimated net income	**93,591.07 €**	**115,010.02 €**
Difference net for the employee		**21,418.94 €**
		23%
Employer's cost		
Total remuneration	184,700.00 €	184,700.00 €
Social security contributions for employer on wage (+/- 27%)	46,571.28 €	35,824.06 €
Total estimated cost for the employer*	**231,271.27 €**	**220,524.05 €**
Difference cost for the company		**-10,747.22 €**
		-5%

Sylvie Dumortier
Tax Partner Claeys & Engels

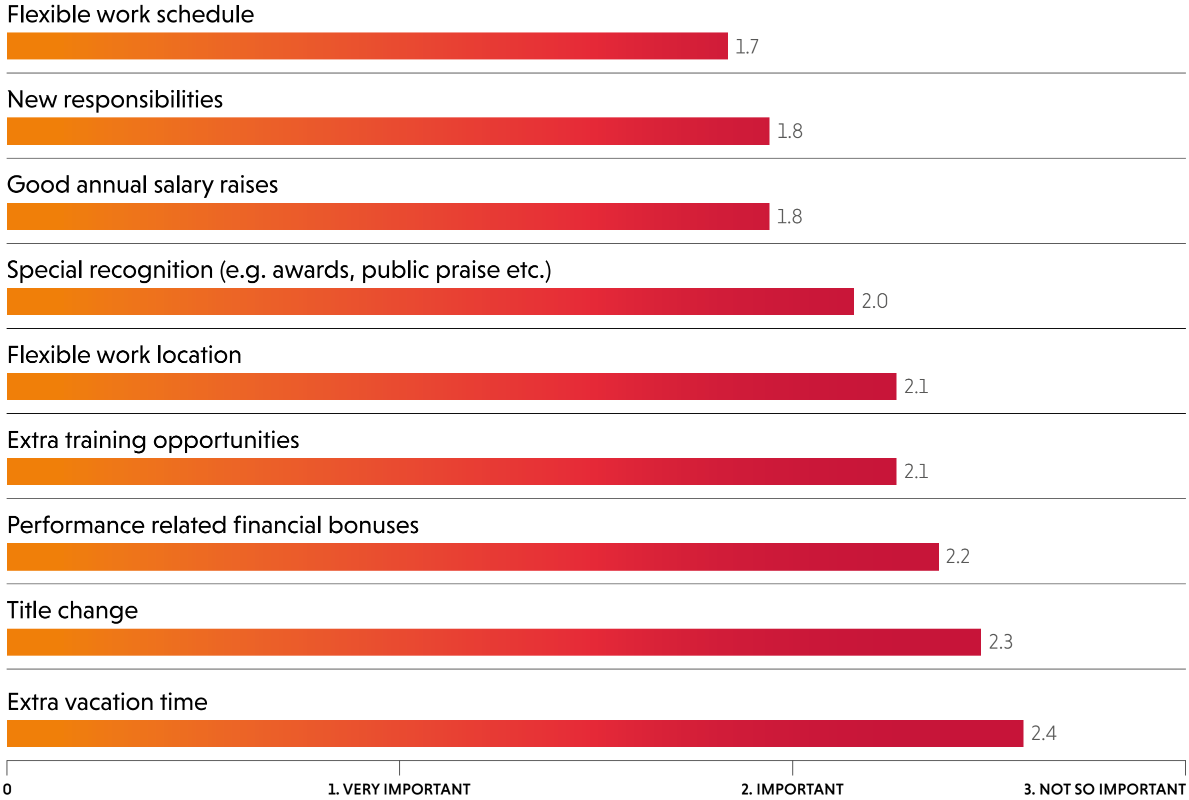
Motivating High Performance in Association Staff

Generally secretariats in Brussels are filled with happy people, as our research shows. There are many reasons and interesting personal examples behind this data. In our one-to-one interviews we do find tremendous satisfaction amongst association leaders which is often explained by a strong sense of freedom to operate, and long term thinking, especially compared to corporate environments.

Nevertheless, some pressured association members or leaders complain that although secretariat staff might be happy, they are complacent and do not convey the requisite sense of urgency.

There is no 'I' in TEAM as the saying goes but individual motivation is key to the success of the collective. So the question is how do you motivate happy people to become high performers and go well beyond minimum expectations? We looked at this issue recently and found some interesting results, as summarized in the table below.

– The key factors in rewarding individuals for high performance in association secretariats (in order of importance)



Flexitime & Financial V Non-Financial Rewards

Our research confirms that flexible working is rated the number one reward in European associations. This was the case even before Covid but now telework is here to stay.

The pandemic demonstrated the enormous potential of telework within associations by improving staff's living and working conditions, allowing them to balance their working time around their private and family life. They also experienced less commuting time and greater work autonomy and flexibility, without the expected negative impacts on productivity in the workplace. Moreover, in our 2023 survey, we found that virtually all European associations in Brussels allow home working. Although some are quite restrictive, the vast majority of associations allow a minimum of 2 days home working and four in ten have complete flexibility.

Studies in companies have shown that typically flexible workers achieved more; were off sick less often; worked longer hours and were happier in their work. With flexible work schedules, associations might experience these benefits:

- **Increased employee morale, engagement, and commitment to the association.**
- **Reduced absenteeism and tardiness.**
- **Increased ability to recruit outstanding employees.**
- **Reduced turnover of valued staff.**
- **Allows people to work when they accomplish most, feel freshest, and enjoy working e.g. mornings.**
- **Extended hours of operation for departments such as IT.**
- **Develops image as a caring employer with family-friendly flexible work schedule.**

However, the degree of flexible working advisable in any particular association will depend on many factors, not least on the size of the association, and demands of important duties during the year such as AGMs and lobbying on key dossiers. Staff who thrive in an office environment may find it difficult to work when their colleagues don't hold the same schedule. This is why many associations require core days and core hours during which everyone is in the office. In team-oriented departments, teams still need to meet, which requires some set guidelines.

Indeed, there are a number of challenges with the shift to flexible working. For example, employees are at risk of feeling disconnected from organisational culture, while inequality between remote and in-person workers could harm engagement levels. Meanwhile, association leaders face difficulties onboarding new employees as well as cybersecurity and privacy risks associated with workers handling sensitive information remotely.

Flexitime goes hand in hand with flexible work locations. In an era of easy travel, where people actually choose live is increasingly seen as less relevant to performance. For instance, we know leaders of some successful European associations who 'live' in their home cities (on short or long weekends) as far away as 1,500 km from Brussels.

What would you rather have: more money or more time? It is interesting to note that flexitime beats money for many association staff, as flexibility overall scores more highly than financial rewards. If time is our primary and perhaps only commodity, then we want it as much as possible. Once, we saved money; now, we save time. Perhaps secretariat staff's priorities reflect their

> "Flexitime generally incorporates core hours that employees are required to work, but outside of these hours employees can come and go as they please. Flexitime will suit those employees who work better at certain times of the day, while also helping to maintain a better work life balance. Another popular flexible working arrangement is "Remote Working" or "Working from Home". Similar to Flexitime, Working from home grants employees to have a better work/life balance. Other types of flexible working include Job sharing, part time, annualised hours and staggered hours."
>
> The HR Director Magazine

relatively high earnings and secure employment versus other sectors, however interestingly, extra vacation time is not considered as important as other factors.

Giving new responsibilities is a top way to motivate staff while on the other hand hoarding power can be very demotivating in an association context. From the staff member's perspective though it can be useful to clarify expectations on what the new responsibility will result in, such as better assignments in the future, a move toward a promotion, or a mention at the board meeting—so that they don't end up in a dead-end situation where there is more work and responsibility but no reward. Learning to say yes to the right types of opportunities—and say no to others—is an exercise in setting healthy boundaries at work which doesn't necessarily show a lack of drive or ambition but rather a valued employee who prioritizes doing the job at hand.

Interviewees identified other key factors to ensure high performers join associations. In the words of one senior staffer: "The strategy and goals of the association, and the individual responsibilities, must be clear from the start, to ensure that the high-performer knows exactly what to expect. False expectations easily lead to low motivation and, hence, poor performance. The strategy defines the profile of desired people to hire, so this will attract those who are in line with the strategy and consider that can add value to it."

Another told us about the importance of clear communications during the recruitment process: "A firm and clear definition of the strategy and direction of the association, its value and relevance to the membership and the role the individual is expected to play in delivering this, as part of the team. There must also be a clear understanding of what could, in the right circumstances, be the career opportunities and options for the future."

– **Word Cloud from Survey Responses to other key factors rewarding individuals for high performance in association secretariats.**

Retaining The Best People

The staffing company Randstad says that 40% of employees are planning to look for a new job within the next six months.

Another survey notes that almost 70% of employees are already at least passively shopping for new job opportunities via social media especially LinkedIn. Job hopping has been described as the "new normal," and millennials are expected to hold 15 to 20 positions over the course of their working lives. However, associations are different. In comparison with other work environments where we operate such as in corporate affairs or consultancy, associations tend to offer the most stable work environments. Associations are there for the long term.

Employee retention matters. Retention of an association's best staff is critical to its long term health and success. Retaining the best employees ensures member satisfaction, stable membership income, happy secretariat staff, deeply imbedded organizational knowledge and learning, maintaining reputation with key stakeholders and even positive policy outcomes. Clearly, for employees to make a long-term commitment to an association, the leadership will need to give them good reasons to stay.

Management thinkers agree that a satisfied employee knows clearly what is expected from him or her every day at work. Changing expectations keep people on edge and create unhealthy stress. Also, the quality of the supervision an employee receives is critical to employee retention. The number one reason people leave organizations is a disagreement in values between the employer and employee. Top talent leave an association when they're badly managed and it is confusing and uninspiring.

Association staff leave bosses and immediate supervisors more often than they leave associations or jobs. It is not enough that the boss is well-liked or a nice person; he or she has a critical role to play in retention. Anything the leadership does to make an employee feel unvalued will contribute to turnover.

"In order to retain your best staff show you trust them by giving them responsibilities that allow them to grow. Encourage them to gain new skills. Provide ample continuing education opportunities. The rewards you give your employees should speak to their emotional needs and should go beyond their monetary compensation."

Harvard Business Review

"The best staff do the best and the most work, so retaining them is a key priority for association leaders. I have learned not to ignore complaints from good employees. These people are your early warning system. However, bad employees do second-rate work and bring others down with them, including the high perfomers. So a difficult but necessary duty of association leaders is to let them go. While they may not be a good fit for your association, they may thrive in a different environment."

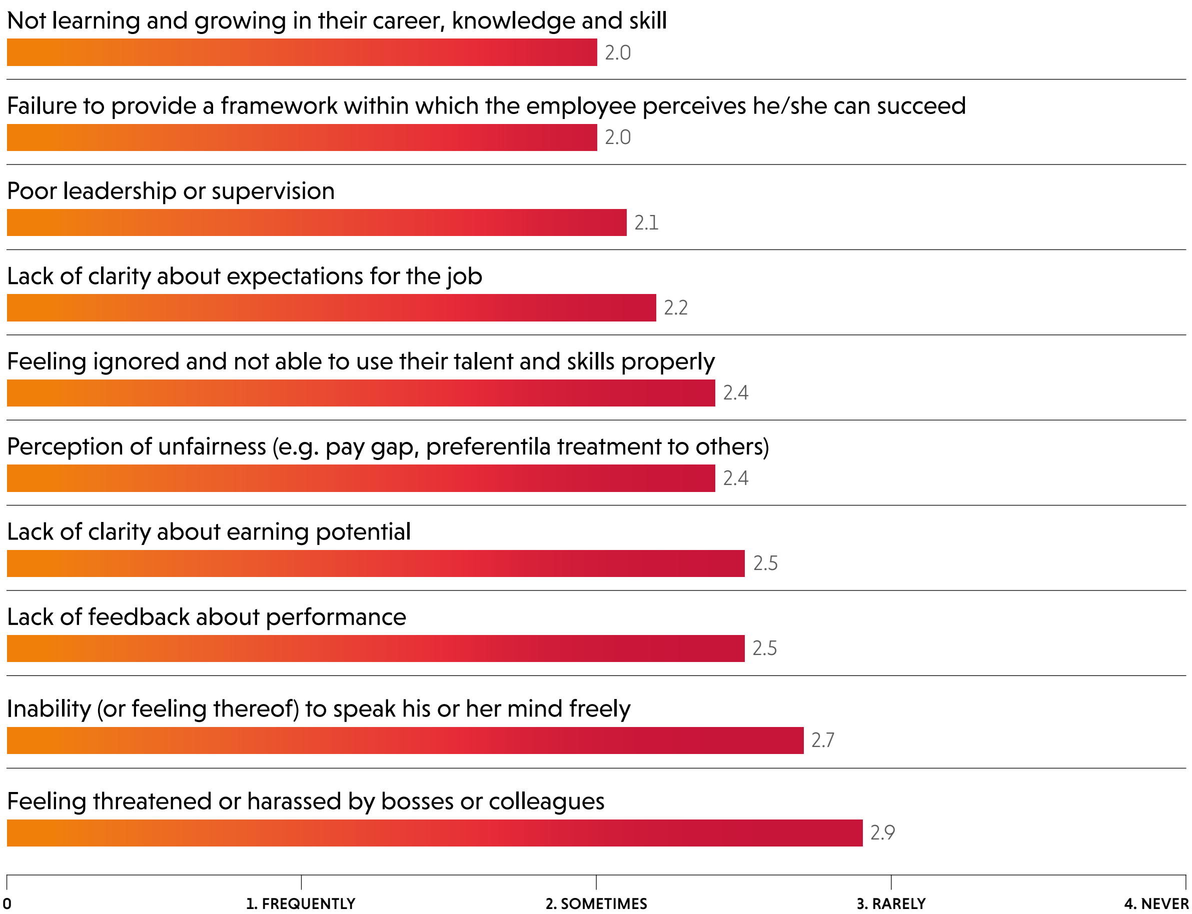
Brian Ager, Senior Adviser to Dober Partners and former Secretary General at the European Round Table of Industrialists (ERT)

LinkedIn

According to Research from LinkedIn the #1 reason employees say they are not engaging in workplace learning is because they don't have the time. Executives and people managers agree that getting employees to make time for learning is the #1 challenge for talent development.

– **Word Cloud on why people stay in their association jobs.**

– **Secretariat Assessment of the reasons other staff cite in wanting to leave their association in terms of frequency.**



About Dober Partners

Dober Partners is the Brussels executive search specialist for European corporate affairs and association leadership roles. We advise on all aspects of the search process from defining the desired skillset and background of shortlisted candidates, through to assisting with the details of local employment law.

The senior team of Dober Partners includes Mark Dober, Natalia Kurop, Brian Ager, Christophe Lécureuil, Frédéric Goffard, Michele Saverese, Florence Ranson and Helen Dunnett. Our entire team has first-hand experience of leading associations and not-for-profits as well as recruiting association roles across functions and seniorities. Unusually the entire Brussels Leadership Team has served on European Association Boards in different roles, including as Director General, Treasurer, COO and Director of Communications and Public Affairs. Hence, the major difference with our competitors is that in addition to our headhunting specialism, we are also practitioners who really understand the association sector.

We bring our specialists' understanding to every assignment, every search, and every interview, finding exceptional candidates that fit demanding briefs. Our end goal is always loyalty and satisfaction. We do this by honestly representing our clients in the market and ensuring that we support and continually advise our candidates during assignments. We have a very strong record of recruiting leaders for diverse and important European associations. All of our association placements have been successful.

Dober

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& Consultancy

– The Dober Partners Team

Mark Dober
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Mark has recruited many senior communication, public affairs and association leaders in Brussels and around Europe through Dober Partners since 2010. He has also been a shareholder in Ellwood Atfield and led their international operations until April 2020. He has consulted with over 100 European association leaders, right up to the President of BUSINESSEUROPE and DG of the European Roundtable of Industry. He has also led a number of associations, coalitions and not for profit organisations at EU level. He was formerly the first employee of the public affairs consultancy APCO in Europe and set up their Brussels office in 1995, acting as Managing Director in various roles until 2010. Prior to APCO, he joined the London office of Hill & Knowlton and left its Brussels office as Associate Director. Mark has twice been voted 'European Consultant of the Year' by 'Public Affairs News' and members of 'The European Public Affairs Directory'. He has authored numerous reports on public affairs and communications including 'Key Success Factors for European Associations', 'EU Media Relations', 'High Performance Secretariats', 'European Association Remuneration' and 'European Corporate Affairs Remuneration'. Mark has taught semesters for Masters in Strategic Communications at Brussels IHECS University, and has been an occasional lecturer with a number of Universities including Maastricht. He has a Masters in Political Science from the PUC University of Rio de Janeiro in Brazil. Mark speaks English, French, Spanish and Portuguese.

Natalia Kurop
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Natalia is a headhunter and consultant, working with Dober Partners since 2013. She was also a Senior Advisor with recruitment firm Ellwood Atfield from 2015 until April 2020. Natalia has been active in communications and public affairs for over 20 years. Previously she served in a number of senior roles including Director of Communications at DIGITALEUROPE, the leading European digital technology association, the Interactive Advertising Bureau (IAB Europe), and the European Technology and Travel Services Association (ETTSA). Natalia started her career as a broadcast journalist with the British Broadcasting Corporation (BBC), and has produced numerous radio documentaries and TV programmes, and co-authored 'EU Media Relations'. She is a former Treasurer and Board Member of the European Association of Communication Directors (EACD). Educated at Sydney and Monash Universities, Natalia speaks English and French.

Michele Savarese
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Michele joined the Dober Partners team in 2020 to cooperate on executive search activities with a focus on Southern Europe. Michele is an EU funding and public affairs specialist based between Rome and Brussels with fifteen years of experience working with clients from various sectors. Since 2010 he works at Schuman Associates on the implementation of funding strategies and market assessments as well as public affairs and advocacy campaigns. Prior to this he worked in the international division of a large Italian IT company managing international projects as well as developing new partnerships. Michele has a BA in Political Science from John Cabot University in Rome and a graduate certificate in International Relations from Boston University. Michele speaks, English, Italian and French.

Christophe Lécureuil
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Christophe is a Senior Adviser providing particular support in Switzerland, France and Brussels. He also serves as the Executive Director of the European Centre for Public Affairs and is Founder of CLC Consultant. Christophe's career highlights include heading up European Government Relations for McDonald's and managing International Communications & Public Affairs for Yum! brands (KFC, Pizza Hut, Taco Bell) across 100 countries. As a consultant with Leidar in Geneva, Fleishman-Hillard in Brussels and Golin/Harris in London, he had the opportunity to work in multiple sectors and industries. He also enjoyed his stint in the NGO world as Head of Corporate Communications at the Global Alliance for Improved Nutrition (GAIN) in Geneva. Christophe started his career as an expert at the European Parliament. He is a French national and holds Master's degrees in Political Science and International Affairs. Christophe spends his time between Geneva and Brussels. He also regularly lectures at the Graduate Institute in Geneva on international advocacy.

Frédéric Goffard
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Frédéric is a financial, technology and legal expert with particular experience in helping trade associations and not-for-profit organisations. Frédéric joined the Dober Partners team in 2020 but has worked closely with team members previously. Since 2012 Frédéric has fulfilled the legal, tax and annual account obligations for EUFIC, the European Food Information Council. Prior to EUFIC he worked for DIGITALEUROPE and a number of other sector groups in the energy field. Frédéric has a BSc in Accounting from the Ecole Pratique des Hautes Etudes Commerciales (EPHEC – Brussels) and studied tax law and IT. Frédéric's accounting, legal and IT skills have helped association leaders make the right decisions, at the right time. Frédéric speaks English and French.

Brian Ager
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Brian Ager is a Senior Adviser with Dober Partners. He also leads the British Chamber of Commerce to the EU and serves as a Board Member of Iberdrola Energia International. He served as the Secretary General of the European Round Table of Industrialists, a forum bringing together CEOs and Chairmen of major European multinationals from 2011 until 2019. He was previously the Director General of the European Federation of Pharmaceutical Industries and Associations (EFPIA) from 1995 to 2011. He also served as Secretary General of EuropaBio the leading biotech association from 1990 until 1995. He first came to Brussels as an Expert National Détaché with the European Commission. Educated at Essex University, Brian speaks English and French.

Florence Ranson
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Florence has been active in European communications circles for some 30 years. She started her career as Project Manager for the European Commission, (1990 to 1997), setting up and running Team Europe for the Directorate General Communications. As Secretary General of the European Advertising Tripartite (1997 to 2001), Florence was in charge of the communications strategy and spokesperson of the organisation, on behalf of the European advertising sector.

She then was Head of Communications at the European Banking Federation for 12 years, 5 of which were crisis years. She managed the communications portfolio and was spokesperson of the organisation, as well as devising the strategic developments of communications for the sector. Florence became Director of Communications for FoodDrinkEurope in 2014, until 2018. There she defined and managed the communications strategy, as well as coordinated the various campaigns launched by the organisation.

Florence has been Chair of the Jury of the European Excellence Awards in communications for over 10 years and is a founding member of the European Association of Communication Directors (EACD), where she was Managing VP for 10 years. She was awarded a 2018 ProPR Award for her contribution to the European communication profession. She regularly speaks at and moderates events throughout Europe and is a mentor to young professionals.

Helen Dunnett
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Helen has worked for over 25 years in Belgium and the UK with a diverse range of organisations from start-ups and federations to multinationals and consultancies.

Helen is an ICF accredited coach who works with organisations to develop their teams. She is also a certified Harrison Assessments talent development coach.

She has a wealth of experience in moderation and the 'Art of Conversation', together with deep expertise in digital and social media platforms having previously worked with Microsoft, APCO and ZN Network.

Today, Helen provides coaching and moderation training services to enhance team work and team leadership.

Thank you for taking the time to read this report, and we hope you find it useful. We are grateful to everybody who contributed their time to our surveys, and to all our clients and candidates without whom we would not be able to give back to the association community through our knowledge-sharing endeavours.

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