

Covid-19

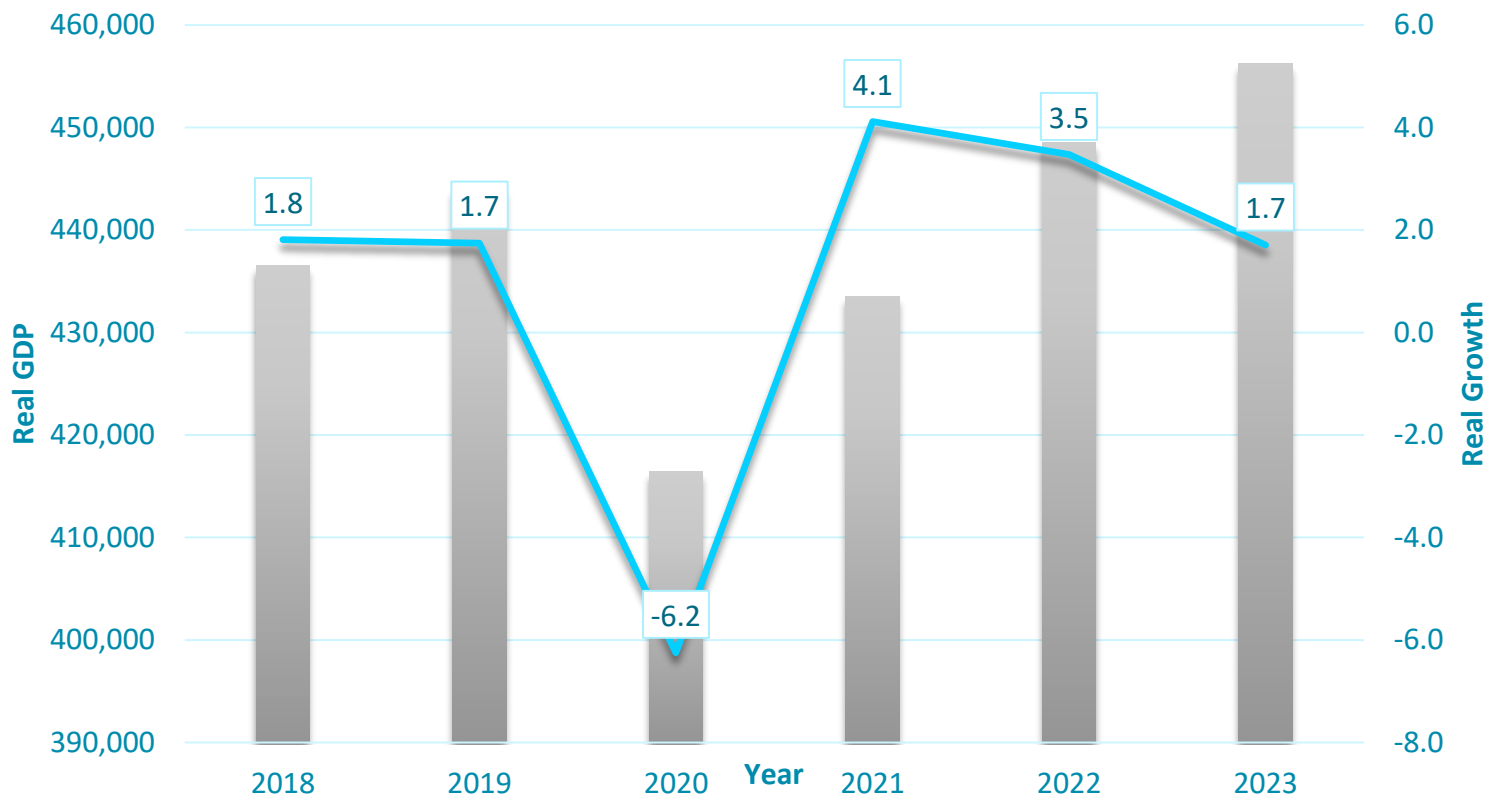
Measures taken by the Belgian federal government

09/03/2021

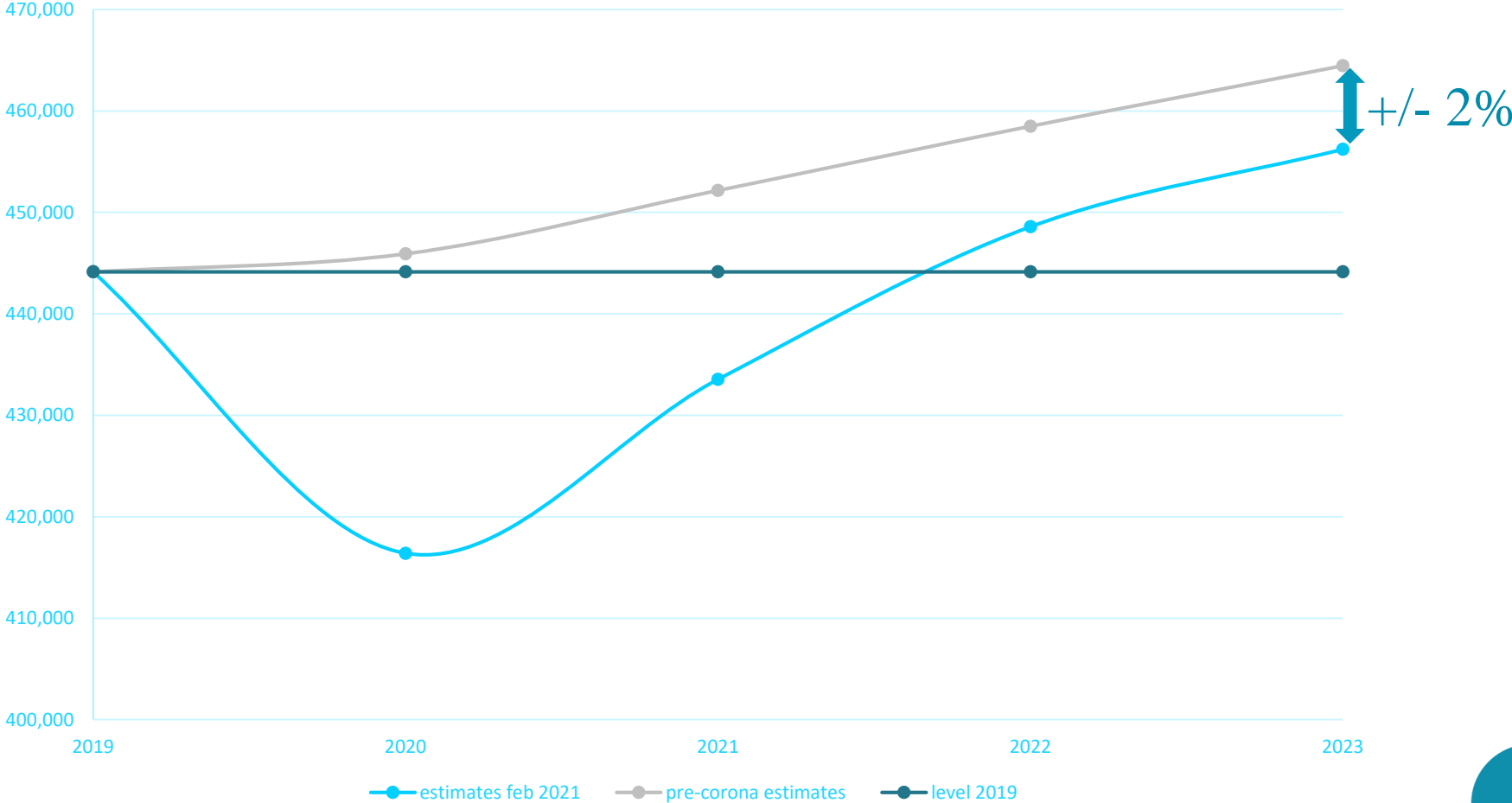
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Impact of crisis on Belgian economy

Estimated economic growth and evolution of real GDP
(Federal Planning Bureau, February 2021):



Real GDP



A Few quotes

FPB, Economic budget, february 2021: *“Despite the extent of the economic shock, the real disposable income of individuals still increased slightly in 2020 (0.7%), thanks to government support measures and low inflation.”*

NBB, Report 2020, february 2021: *“The government made up for most of the loss of income and thus protected the economy from an even deeper recession.”*

Covid-19 measures - overview

- ESA-impact of government measures in 2020: about 22 billion EUR
 - Entity I (federal level + social security): 16 billion EUR
 - Entity II (regions & communities + local authorities): 6 billion EUR
- Deferrals of taxes and social contributions have no ESA-impact. So the impact is not included. Neither are bankguarantees.

What means 22 billion for Belgium ?

- Around 5 % of GDP (GDP 2020: 450 billion EUR)
- Net fiscal resources entity I: around 112 billion (2020)
 - 16 billion ESA-measures = 14 % of net federal resources
- Net fiscal resources Entity II: around 110 billion (2020)
 - 6 billion ESA-measures = more than 5,5 % of resources

Impact on debt and deficit

Measures have a huge impact on Belgian debt rate:
from 98 % in 2019 towards 115 % in 2020

Estimated deficit for 2020:

- Net lending entity I for 2020: -7,2 %
- Net lending entity II for 2020: -2,8 %
- Net lending General government : -10,0 %

Federal measures in 2020

Most important measures with ESA-impact:

- Temporary unemployment: 4 billion EUR
- Bridging rights (self-employed): 3,4 billion EUR
- Provision: 4 billion EUR
- Advance to hospitals: 2 billion EUR
- Tax measures: 1,2 billion EUR

Important measures having an impact on debt 2020:

- Exemption of VAT advanced payment in december 2020: 2,8 billion EUR
- Deferral of parafiscal payment by self-employed: 0,4 billion EUR
- Repayment plans

Other: Guarantee agreement between the federal government and the financial sector: 50 billion EUR

Temporary unemployment

- Compensation for employees who cannot continue working because of:
 - decreased workload (economic reasons),
 - the social distancing measures imposed by the government (force majeure) cannot be followed.
- Increase of the allowance from 65 % to 70 % of the daily average wage (ceiling 2.755 gross/month)
- Additional daily premium of 5,36 EUR
- Extended until June 2021.

Bridging rights for self-employed

- Replacement income if forced to interrupt or stop activities:
 - 1.292 EUR or
 - 1.614 EUR in case of family
- From June 2020 onwards also a relaunch replacement income for those who restarted but still face turnover declines compared to 2019.
- Since September also replacement income if in quarantine or when you have to take care for you child
- Since October: double bridging rights in case of forced stop of activities
- Extended until June 2021.

Provision (1/2)

- Used for:
 - Protection of the population: eg. crisis centre, information, medical equipment
 - Support and prevention measures: food aid, accommodation for the homeless, studies, purchase of medicines and medical protection, masks for citizens, etc.
 - Others: testing, support of the economy, additional costs of concerned public institutions, measures to help the most vulnerable

Provision (2/2)

Main categories:

- **Health care: 2,3 billion EUR: a.o.**
 - Protection equipment: 1,1 bn EUR
 - Reimbursement PCR test: 0,4 bn EUR
 - Encouragement premium healthcare personnel: 0,2 bn EUR
- **Compensation aid: 0,8 billion EUR: a.o.**
 - National Railways: 0,3 bn EUR
 - SN Brussels Airlines: 0,3 bn EUR
 - Horeca (end-of-year bonus): 0,2 bn EUR
- **Social benefits: 0,3 billion EUR:**
 - Support to most vulnerable people, Public Centre Social Welfare

Tax measures

- Carry back: 0,5 billion EUR
 - ⇒ Temporary exemption of expected losses
- Catering industry: reduction of VAT to 6 %: 0,3 bn EUR
- Increased investment deduction: 0,2 bn EUR
- Partial exemption from payment of the withholding tax in badly affected sectors: 0,1 bn EUR