

Newsflash

The NSSO accepts an alternative calculation method for the seniority bonus

12 March 2009

For a considerable period of time now the National Social Security Office (NSSO) accepts that employers award a seniority bonus to their employees after 25 or 35 years of service. This premium is exempt from social security contributions and is calculated as follows:

- at 25 years of service: 1 x gross monthly pay;
- at 35 years of service: 2 x gross monthly pay.

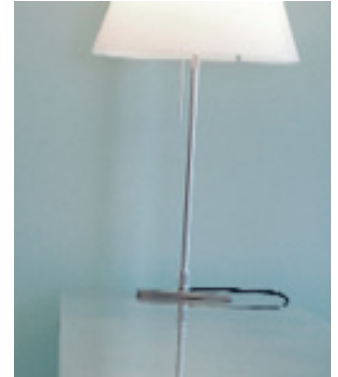
Initially the seniority bonus was always calculated on the basis of the gross salary of the employee concerned. Now, the NSSO has inserted an alternative calculation method in its instructions.

This alternative method allows the bonus to be based on the average gross amount of a monthly salary in the company. According to the NSSO, this indicates the proportion between the wages that have been paid out and the amount of full time equivalents during the previous calendar year.

Employers must however choose between both options. The application of both calculation methods during one calendar year results in the loss of the exemption from social security contributions of all seniority premiums that have been awarded during that year.

Notice that so far the treasury has not given a ruling on the possibility of an alternative calculation method.

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