

Service vouchers (*Titres services*), Belgium

Title of the policy or measure (in English)	Service vouchers in Belgium (<i>Titres services</i>)
• Country	Belgium
• Sectors	Health and social work
• What groups are targeted by the measure	<ul style="list-style-type: none"> - Users of the Service vouchers including active households, older persons, disabled persons (directly targeted) - Registered companies and their workers, low-qualified and unemployed workers (indirectly targeted)
• Purpose of measure	Legitimising undeclared work
• Short sentence summarising the measure	The Service Voucher is a payment method, pre-financed by public authorities, to purchase personal household services.
Background	
Background context driving the implementation of the measure	<p>Before the introduction of the measure, there was a significant prevalence of undeclared work in private households, though no official data are available. A declaration to the National Office for Social Security was required only when the worker was employed for more than 4 hours a day or 24 hours a week. Also, the cost of declared work and the complexity of administrative procedures to employ a home-based employee discouraged users from declaring employees.</p> <p>Against a rising unemployment rate (from 6.6 % in 2001 to 8.4 % in 2004), the Service Voucher aimed to improve the living conditions of low-skilled jobseekers by providing them with declared employment opportunities and better social protection. The favourable economic context characterised by the economic growth in 2004 also contributed to the introduction of Service Vouchers.</p>
• When was the measure implemented? (including start date and end date/ongoing)	<p>Since 2004 – ongoing.</p> <p>As a result of the 6th Reform of the State in December 2011 the measure was transferred to the three regions - Brussels-Capital, Flanders and Wallonia at the beginning of 2014.</p>
• Names(s) of authorities/bodies/organisations involved	<ul style="list-style-type: none"> - Brussels: Regional Public Service Brussels, Brussels Economy and Employment and Public Services - Wallonia: General Operational Direction for Economy, Employment and Research - Flanders: Department for Work and Social Economy
• Scope of the measure (a pilot project, nationwide, regional wide)	At its launch in 2004 the measure was a federal policy, managed by the federal public service of employment. Since 2014, the measure has been transferred to the three regional authorities who can adapt the measure (financing, tax deductions, etc.) as required.

Type of (policy) measure	Tool
	If "other", please specify:
Key objectives of the measure	<p>General objectives:</p> <ul style="list-style-type: none"> To provide incentives to the targeted groups to transform undeclared work into declared work; To create new jobs, especially for low-skilled workers; <p>Specific objectives:</p> <ul style="list-style-type: none"> To offer the unemployed the opportunity to move towards a regulated employee status; and To improve the work-life balance for users by making it easier to outsource domestic work.
Specific measure	
Description of how the measure operates in practice	<p>The measure operates as follows;</p> <ul style="list-style-type: none"> - The Service Voucher is purchased by private individuals from an issuing company approved by the authorities. - The face value of the Service Voucher varies between EUR 9 and EUR 10 per hour of service. The user can buy 500 vouchers per year, the first 400 at EUR 9 each and the remaining 100 at EUR 10 each. This is the limit for a single person. Two persons living together can buy 1 000 vouchers in total (800 at EUR 9 and 200 at EUR 10). Households with specific needs (such as single parents, disabled or older persons) can purchase up to 2 000 vouchers at EUR 9 each. - The user can also benefit from a tax reduction on the amount purchased. The nature of this tax reduction depends on the region. From 1 January 2015 in the Walloon Region, the user benefits from a tax reduction of EUR 0.9 (10 %) for the first 150 Service Vouchers purchased per person. From 1 January 2016 in Brussels-Capital, the tax reduction is calculated on a rate of 15 % (i.e. EUR 1.35 per Service Voucher) for the 156 first vouchers purchased. In the Flemish Region since 2016, the tax reduction is equal to EUR 2.7 per person per voucher (30 %), limited to 156 vouchers. These limits refer to a single person, hence a couple can benefit from a maximum limit of twice as high. - The services that can be purchased may differ from one region to another. The common types, however, include cleaning and ironing at home, preparation of meals at home, transport for people with reduced mobility and shopping. - The Service Voucher is used to purchase a service provided by companies approved by the authorities. This includes private for-profit companies or social companies. The individual or household gives the cheque to the employee who has a work contract with the registered company, or may use an e-voucher. The employee hands it over to the company, who in turn converts it with the issuing company: for Service Vouchers issued from 1 June 2016, the service provider receives EUR 22.48 per hour actually worked. The regional government intervenes to cover the difference between the price paid by the user and the amount collected by the company (EUR 13.48 or EUR 12.48 per hour).

	<ul style="list-style-type: none"> - When the Service Voucher was first introduced, one of the conditions of the measure required registered companies to hire a certain percentage of jobseekers or social welfare recipients. Since the regionalisation, this rule has been abolished in the Flemish region and adapted in the two other regions. Today in Wallonia 60 % of the people hired should be either unemployed or social welfare recipients.
<p>What resources and other relevant organisational aspects are involved?</p>	<ul style="list-style-type: none"> - Total gross cost of the measure at the national (federal) level was estimated at EUR 1.9 billion in 2013. It was composed of the direct financing of the voucher system (84 %) and tax incentives (15 %). - Direct earn-back effects (reduction of unemployment, increase in social contributions, new taxes) were estimated at EUR 790 million in 2013. - Indirect earn-back effects (new taxes on societies, new jobs at managerial level in registered companies) were estimated at EUR 67 million in 2013. - Total net cost of the measure (integrating direct and indirect effects) estimated at EUR 1.1 billion in 2013. - There are 4 600 jobs in management of service companies, i.e. a management ratio of 1 manager for 33 employees. - The system is based on a set of rules and controls: approval and financing of the company issuing Service Vouchers, approval and control of registered companies, training of hired employees and evaluation of the measure (now transferred to the regions). The cost of this regulation is estimated at about EUR 16 billion, or 0.8 % of the overall cost of the measure.
<p>What are the source(s) of funding?</p>	<p>The federal state financed directly all the costs of the measure until 2014. Since then, the financing of the measure has been transferred to the regional authorities.</p>
<p>Evaluation and outcome</p>	
<p>Has the measure achieved its objectives?</p>	<p>The number of jobs created doubled between 2006 and 2013. There were 150 000 workers in 2013 compared to 62 000 in 2006. Service Vouchers have also contributed to the objective of integrating unemployed people into the labour market - 35 % of these workers were unemployed.</p> <ul style="list-style-type: none"> - It is difficult to measure the effect on undeclared work. According to surveys, only 5 % of workers in these services and 10 % of users say they used undeclared work before the measure. But 45 % of workers admit that the Service Voucher is a way out of undeclared work. In addition, 25 % of users think they would have used undeclared work if the Service Voucher did not exist. One interpretation is that in the early days the system acted as a tool to transfer undeclared work into the declared economy, but it has increasingly become a means of transferring unpaid self-supply activities into declared employment.
<p>Assessment method (including indicators used to measure its impact), and the outputs and outcomes achieved</p>	<p>The law provides for an annual assessment by an independent body. Key findings of the last assessment done at national level (2014) include the following:</p> <ul style="list-style-type: none"> - The number of jobs created by this measure has increased sharply, from 62 000 workers in 2006 to 150 000 in 2014, representing about 100 000 full-time equivalent jobs. - The number of users has increased continuously since the launching of the measure. There are currently around 1 million users (11 % of the Belgian population over the age of 20). On average, this number has increased by 13 % per year since 2008.

	<ul style="list-style-type: none"> - Concerning the quality of employment, the average working time has increased, estimated at 18.5 hours per week at present compared to 15 hours in 2005. The average salary and the training of employees have also improved over the period. Employees also benefit from binding collective agreements imposing, for example, a minimum wage. - The measure has resulted in the creation of many companies - there were a total of 2 440 PHS companies in operation in 2013 (IDEA, 2014), a figure that diminished to less than 1 600 in 2017¹. The vast majority of these companies are very small (73 % employed less than 50 employees in 2013). - The numerous job creations have led to savings in unemployment benefits (EUR 225 million in 2013), additional income in taxes (EUR 196 million in 2013) and social security contributions (EUR 466 million in 2013). In total, the public revenue gained is estimated at EUR 857 million (direct and indirect effects) (Impact, 2016).
<p>What are lessons learnt and the key conditions for success?</p>	<p>Several features of this measure have led to its success:</p> <ul style="list-style-type: none"> - A large proportion of the final cost for the user, up to two-thirds, is borne by the state. The importance of tax incentives explains to a large extent the development of the Service Voucher. - The Service Voucher is a means of payment which is pre-financed by the state. The user thus benefits immediately and directly from state aid, unlike other measures such as the tax credit in France where the user benefits at a much later stage (usually one year after having bought the service). - The Service Voucher measure has been made much simpler for users and companies as a result of the electronic Service Vouchers now available. - The fact that this voucher can only be used to buy a service provided by a personal services company contributes to improving the quality of the job created. These jobs benefit from better social protection than those created by direct employment. - The obligation of approved enterprises to hire a quota of unemployed jobseekers and welfare recipients (60 %) – now revised following regionalisation of the measure – has increased the effectiveness of Service Vouchers in combating unemployment and undeclared work. However, this may prove increasingly difficult to apply given PHS labour shortages. - Despite the increased level of training for PHS workers, about 20 % leave their jobs each year.
<p>Level of transferability (e.g. other countries/groups/sectors)</p>	<p>The total gross cost is important for public authorities (EUR 2 billion at the national level, before regionalisation) but taking into account direct earn-back effects, this cost remains relatively moderate (EUR 1 billion, or EUR 10 000 per full-time equivalent job) (and EUR 6 000 per FTE job when also including indirect earn-back effects). The transferability of this measure is feasible under conditions of an equivalent level of financial or fiscal incentive.</p>
<p>Additional information</p>	<p>[blank]</p>
<p>Contacts</p>	<p>Hilaire Willems, General advisor - Federal Labour Inspectorate Email address: Hilaire.Willems@werk.belgie.be</p>
<p>Sources</p>	<ul style="list-style-type: none"> - ONSS (National Office for Social Security) : official data on employment and hours paid through service vouchers:

¹ Source: <https://www.rsz.fgov.be/fr/statistiques/statistiques-en-ligne/emploi-le-systeme-des-titres-services>

- <https://www.rsz.fgov.be/fr/statistiques/statistiques-en-ligne/emploi-le-systeme-des-titres-services>
- IDEA Consult (2014), *Evaluation du système des titres-services pour les emplois et services de proximité, Rapport pour Service public fédéral Emploi, Travail et Concertation sociale* [Official evaluation at national level], www.emploi.belgique.be/DownloadAsset.aspx?id=43103
- IDEA CONSULT (2017), *Evaluation du système des titres-services pour les emplois et services de proximité en Région de Bruxelles-Capitale, Rapport pour le Service public régional de Bruxelles* [official evaluation at the Brussels capital level] :
<http://werk-economie-emploi.brussels/documents/16195/1745003/Rapport+TS+2016/7902dea7-1786-4724-9d80-31b85574d8d9>
- IMPact (2016) Belgium: the service voucher system. Available at: <http://impact-phs.eu/national-practices/belgium-the-service-voucher-system/>

Official information on websites :

<http://www.titresservices.brussels/>

<http://www.dienstencheques-vlaanderen.be/>

<http://www.wallonie-titres-services.be/>

Metadata and key words for online search

Belgium; Flanders region; Walloon region; Brussels-capital region; undeclared employment; service vouchers; *Titres services*; personal and household services; proximity services; pre-financed payment method; tax deduction