



Can your salary be paid out in cryptocurrency ?

Whether salary can be paid out in **cryptocurrency**, either partially or in full, is a question that is becoming more and more popular. **Crypto and blockchain start-ups** are often more in favour of paying employees in crypto than more traditional companies. As **exchange rates** can eat into your earnings and **bank transfers** can sometimes take days to clear, getting paid in crypto means you are getting paid in something that is **fast and easy to use**.

Unfortunately, there are also some **downsides**. **High volatility** is certainly one of them. Unless your cryptos are **almost immediately converted** into fiat currency, their value could **drop drastically** in a matter of hours or sometimes even minutes. Although digital currency is **more and more accepted**, there is still a long way to go before it can be considered a standard means of payment. Also, providing a (partial) crypto salary is still a **complicated matter for payroll specialists**. As a result, many companies **remain uninterested** for now. Another important question is whether it is currently even **legally possible** in Belgium to receive your salary in crypto.

The *Salary Protection Act of 12 April 1965* requires salary to be paid out **in euro or in a currency that is normally used or legally accepted in Belgium**. If the employee works **abroad**, the salary must be paid, fully or partly, in euro or in a currency legally accepted in the country where the work is performed. Since cryptocurrency is **not an officially accepted legal currency** at this time, an employee's salary **cannot be paid out** in crypto. Besides possible criminal prosecution, the employer could even end up having to pay the salary twice.

Although the monthly base salary **cannot** be paid out in a cryptocurrency, it should be possible to pay it out as an **additional benefit in kind** on top of the standard salary. However, even this position could be challenged by the authorities, as only the benefits mentioned in **an exhaustive list** in the *Salary Protection Act* can be paid 'in kind', and crypto is currently not included.

This restriction only applies to employees and not to **self-employed individuals**; the latter could therefore be (partially) paid out in cryptocurrency. In other words, as a **freelancer, independent contractor**, or even a **self-employed company director**, you can perfectly choose to receive crypto instead of a fiat-denominated remuneration.

In the absence of any specific regulation, there should be **no difference in the tax treatment** of fees paid in crypto **compared to** the traditional ways of remuneration. The gross amount paid out will be subject to **social security contributions**. The net earnings will then be taxed at the **standard progressive tax rates** of 25% up to 50% (plus a communal surcharge), as it will always qualify as professional income in this context. This would, for example, require you to meticulously keep track of the value of the cryptocurrency **the day you got paid in it**.

TAXPATRIA® can advise you on the **income tax and social security implications** of being paid in digital currency, as well as the **accounting or payroll challenges** that it entails.