



PwC Legal

9ID

The Contractor Compliance Imperative

**From Site Visibility to Chain Liability:
Navigating Enforcement in Belgian Contractor Management**

Executive Summary:

From Administrative Task to Strategic Risk

For Belgian enterprises, the era of treating contractor compliance as a back-office administrative task is over. Driven by intensified scrutiny from the **Public Prosecutor** and inspection services, alongside growing pressure from **banks and clients**, the cost of non-compliance has shifted from manageable fines to existential threats.

While the new **Chain Liability legislation** in Flanders (which took effect on **January 1, 2026**) will specifically tighten criminal liability for illegal employment in risk-prone sectors, the pressure is already here. With **1 in 3 Belgian companies** already flagged for social compliance offenses, the risks of **financial liability** (for social debts) and **criminal prosecution** (for illegal employment) are immediate.

Systemic vulnerabilities in supply chain monitoring, highlighted by high-profile judicial investigations in the industrial sector, demonstrate that "not knowing" is no longer a defense. Relying on manual processes—spreadsheets, emails, and physical checks—is now a direct threat to business continuity and corporate reputation.

This whitepaper outlines a new, resilient strategy. It argues that the only viable path forward is a synergistic approach: combining expert legal guidance to navigate the complex regulatory landscape with powerful automation technology to guarantee continuous verification and audit-readiness.

Introduction:

The Evolving Landscape of Contractor Management

For many enterprises, managing a large contractor workforce is a growing operational and legal headache. The traditional process—often a manual mix of paperwork, disconnected Excel sheets, and physical file folders—is fractured, inefficient, and prone to human error. This inefficiency creates operational bottlenecks, with security offices overloaded and contractors stuck in queues.

More critically, this process creates a significant and, until now, often hidden legal and financial risk. With increased scrutiny from inspection services and the Public Prosecutor, alongside growing pressure from banks and clients to prove compliance, "good enough" manual processes are no longer tenable.

1. Chain Liability and Social Debts

The regulatory environment is tightening, and the stakes have never been higher.

While new legislation has just entered into effect, chain and joint liabilities with which companies may be confronted when working together with (sub)contractors aren't new at all.

In Belgium (and in fact in most EU Member States) companies can be held liable, either financially or criminally, for the non-compliance with certain employment or social security obligations of their subcontractors.

A prime example of this is the regulatory framework under which companies may be held jointly liable for the social security and tax debts of their (sub)contractors if they have not made the necessary withholdings whenever these (sub)contractors would indeed have outstanding debts.

This means that before paying a subcontractor, a main contractor must check a government database (such as the *Check Inhoudingsplicht* service) to see if that subcontractor has outstanding debts. If they do, and the main contractor pays their subcontractor's invoices without withholding the required amount, they can be held jointly liable for (at least part of) that debt, in addition to additional penalties.

Next to joint liability for social security and tax debts, companies can – under certain circumstances – also be faced with claims for salary arrears from the employees of their subcontractors if the latter did not pay the employees or paid them salaries below the Belgian minimum wages.

And finally, companies can – if specific conditions are met – be held (criminally) liable together with their subcontractors when employees would be staying or working illegally in Belgium.



With respect to the latter, a new critical piece of legislation taken effect on 1 January 2026 tightens the joint and chain liability for illegal employment.

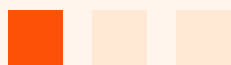
Not only can companies face criminal prosecution when their subcontractors would illegally employ

third-country nationals, companies working with subcontractors in risk-prone industries (i.e., construction, cleaning, meat processing, and parcel delivery) will be subject to active due diligence and screening obligations of their subcontractors and their employees. The company will need to procure a set of documents (e.g., passport, A1 form, Limosa notification, etc.) that help them validate that the concerned employees are indeed working legally in Belgium.

Failure to comply with this due diligence obligation will result in the principal becoming jointly (and criminally) liable for the illegal employment by their subcontractors.

2. Risks and Real-World Consequences of Non-Compliance

This is not a theoretical problem. Non-compliance is widespread and the penalties – both financial and reputational – are severe:



**1 in 3
Belgian Companies**

Recent inspections by Belgium's Social Information and Research Service (SIRS) found that **35% of companies** checked had committed a social security offense. In high-risk sectors, this number jumps to nearly **60%**.



**Severe Legal
Sanctions**

Under the Social Penal Code, companies found to be beneficiaries of work performed by illegally employed nationals or who have not complied with relevant Limosa requirements can face severe penalties. These infractions are typically classified as Level 3 or Level 4 sanctions — the highest categories of offenses.

- **Financial Impact:** Penalties can include substantial criminal or administrative fines per infraction or per victim, meaning costs scale rapidly with the size of the workforce.
- **Criminal Liability:** In the most serious cases (Level 4), unrelated to pure administrative errors, judges can impose even harsher sanctions, including the prohibition of operating or exclusion from public tenders.

Case Study: High-Profile Investigations and the Failure of Due Diligence

A major 2022 investigation in the Belgian industrial sector serves as a material example of the risks associated with failures in supply chain due diligence.

- **The Situation:** A large-scale inspection at a major construction site in the Port of Antwerp revealed a significant case of human trafficking and exploitation. A subcontractor had hired migrant workers under illicit conditions, including sub-standard wages and inadequate housing, concealed within a complex chain of sub-contracting.
- **The Fallout:** The investigation led to criminal proceedings, arrests, and a temporary shutdown of the site. The Principal (the asset owner) faced intense public scrutiny and severe reputational damage. This highlighted that while the Principal was not the direct employer, the lack of effective oversight over the subcontractor chain resulted in significant operational and brand impact.
- **The Lesson:** The case serves as a precedent for the industry. It demonstrates that large enterprises can no longer rely on contractual safeguards alone to protect them from the actions of their subcontractors. Principals must have systems in place to actively monitor their entire chain to ensure that the documentary reality matches the situation on the ground

3. The Operational Burden: Why Manual Processes Fail

Yet, for many organizations, achieving this level of oversight remains a significant challenge. The reality for many companies is that their compliance systems are not built to withstand the current level of risk. While internal safety cultures are often mature, the process of verifying external contractors remains fragmented and manual. This "manual chaos" fails in three critical ways:

1. High Potential for Human Error



When staff must manually check documents, validate expiry dates, and cross-reference data across disconnected emails and spreadsheets, mistakes are inevitable. A single missed expiry date or a misfiled document can expose the entire company to liability. This fragmentation creates a massive operational blind spot, where critical compliance data is locked away in silos

rather than being available for real-time verification.

2. Chronic Inefficiency and Hidden Costs



Manual verification is slow and resource-intensive. Field data suggests that this administrative burden typically consumes between 20 to 60 minutes per person per year, depending on the maturity of the company's systems. Multiplied across thousands of contractors, this becomes a massive, hidden operational tax.

Beyond the administrative cost, there is the "Waiting at the Gate" cost. Contractors often start billing as soon as they arrive. If they are stuck at the gate for manual document checks or on-site safety training, the company is paying for billable hours without receiving any productive work.

3. The "Audit Scramble"



With inspection services increasing their activity, the ability to produce records instantly is vital. When documents are scattered across paper files, local drives, and email inboxes, proving compliance during an unannounced inspection becomes a chaotic stress test. There is no single, traceable record to show who approved what, and when. In the event of an incident or audit, this inability to instantly prove due diligence transforms a manageable situation into a crisis of reputation and liability.

To make this challenge tangible, the following guide outlines the complex web of documentation required to safely and legally onboard contractors in Belgium.

4. A Maturity Model for Contractor Compliance

Compliance is not an "all-or-nothing" switch. Attempting to enforce every possible check on day one leads to operational paralysis. Instead, industry best practices suggest a **maturity-based approach**.

To make this tangible, the following guide outlines the requirements for safely onboarding contractors in Belgium, structured by operational priority. Levels 1 and 2 represent the critical baseline required for legal site access, while Level 3 adds a layer of strategic financial protection.

Level 1: Minimum Viable Compliance



The absolute baseline. Before enforcing complex rules, a company must first answer the question: “Who is on my site right now?”

Identity (Legal Requirement)

- **Valid Photo ID:** Verification of Passport or National ID. This is the fundamental step to satisfy the legal "Duty of Vigilance." You cannot manage compliance for people you cannot identify..

Site Access (Operational Requirement)

- **Site-Specific Requirements:** Proof of safety induction (e.g., watching the safety video) and agreement to site rules.

Level 2: Social & Safety Compliance

Once identity is secured, the focus shifts to the **right to work** and **competence**. This level mitigates the primary legal and safety risks, including the **criminal liability** related to illegal employment.

Social Compliance (Legal Requirements):

- **Dimona Declaration:** Mandatory for all employees normally and habitually working in Belgium.
- **Limosa Declaration:** Mandatory for all foreign posted workers (some exceptions may apply).
- **A1 Certificate:** Critical proof of social security coverage (to prevent social dumping and fraud).
- **Single Permit / Work Permit:** Essential for all non-EU nationals.

Safety Competence (Industry Standards):

- **VCA-Basic Certificate:** The standard "safety passport" for contractors.
- **Medical Fitness:** Occupational health certificates (medical aptitude).
- **Task-Specific Licenses:** BA4/BA5 (electrical), Forklift licenses, Welding certificates, Permit-to-Work (hot work/confined space).

Level 3: Strategic Corporate Vetting

The final layer of maturity extends due diligence to the **corporate entity**. This ensures that the company you are hiring is financially and legally sound, preventing **financial liability** (for social/tax debts) from flowing up the chain.

Corporate Health (Legal & Fiscal Due Diligence):

- **Business Registration (KBO):** Is the company a legal entity?
- **VAT Registration (VIES):** Is the VAT number active?
- **Ultimate Beneficial Owner (UBO):** Who actually owns the company? (Critical for anti-money laundering and transparency).
- **Authority to Sign:** Does the person signing the contract actually have the statutory power to do so?
- **Social & Fiscal Debts:** Check Inhoudingsplicht (RSZ & Tax) to ensure no outstanding debts exist.

Commercial Risk (Best Practices):

- **Insurance:** Proof of Corporate Liability and Work Accident Insurance.
- **ISO Certifications:** Quality (ISO 9001) or Safety (ISO 45001) accreditations.
- **Legal Agreements:** NDAs (Non-Disclosure Agreements), Supplier Code of Conduct, and GDPR Data Processing Agreements.

By structuring compliance in these layers, companies can move from "Chaos" (no visibility) to "Control" (verified access) in a sustainable way.

However, even at Level 1, the volume of data is immense. Managing thousands of IDs, expiration dates, and certificates manually is impossible at scale. This is where the shift from **manual administration** to **automated enforcement** becomes the defining factor for success.

5. A New Paradigm: Mitigating Risk with Automation

Given the sheer volume and complexity of the regulatory and operational requirements outlined above, it is clear that relying on manual processes is no longer viable. Technology offers a strategic solution, transforming the contractor management process from a manual burden into an automated and scalable competitive advantage. When evaluating a modern compliance platform, enterprises should look for core capabilities that automate high-volume, error-prone tasks and provide proactive risk mitigation.

A proper contractor management tool should include the following core capabilities:

- **Centralized Document Management:** Digital systems must act as a single source of truth, tracking all required documents and their expiry dates. Look for a system that treats the individual worker's compliance data as a portable digital passport and can automatically notify contractors of upcoming renewals, ensuring no one on-site ever has an expired certification.
- **End-to-End Workflow Synchronization:** A robust tool will not merely digitize paperwork; it must synchronize the entire operational workflow. It should provide dedicated tools for every persona—from the Project Manager scheduling the job to the Contractor Admin assigning workers and the Security Guard granting site access—to ensure all hand-offs result in a seamless, compliant journey from start to finish.
- **Maturity-Based Compliance Layering:** The platform should enforce a strategic, layered verification model. This approach prevents operational overload by allowing the organization to start by answering the most fundamental question—"Who is on my site right now?"—and then gradually build up to full Social, Safety, and Corporate vetting in a structured, scalable way.
- **Real-Time Database Checks:** Automation enables direct, real-time verification against government databases. This includes recurring checks of the Check Inhoudingsplicht (to verify social debts), KBO (for company registration), and VIES (for VAT status).
- **Immutable Audit Trails:** Every action—from a document upload to a manual approval by an admin—is logged in a central, unchangeable record. A reliable platform provides an immutable, centralized audit trail, offering a complete, traceable history that makes the company instantly audit-ready for any unannounced inspection or incident investigation.

6. Conclusion: A Synergistic Approach to Compliance

Technology alone is not a complete solution. It must be paired with a robust legal and ethical framework. To build a resilient strategy, companies should:

1. **Perform Due Diligence:** Thoroughly vet all subcontractors and suppliers. Check their social security and tax records *before* work begins. Verify the employees' immigration and social security status (e.g., IDs, Limosa, Dimona, A1, etc.)
2. **Use Strong Contracts:** Include clear clauses in contracts that legally require subcontractors to adhere to all Belgian labor laws and social regulations and that provide for recourse in case (chain) liabilities come into play.
3. **Implement Continuous Monitoring:** Do not rely on one-time checks. Use technology to regularly monitor subcontractors and their compliance status.
4. **Promote a Culture of Ethics:** Ensure that social compliance is a core value throughout the organization, from top management to on-the-ground project managers.

The combination of new legislation and the documented failures of traditional methods creates an unacceptable level of risk for Belgian companies. The future of contractor management lies in a synergistic approach: combining **powerful automation** to handle the data, verification, and auditing, with **expert legal guidance** to navigate the complex regulatory landscape. This integrated strategy is the only way to protect operations, avoid severe penalties, and ensure an ethical, audit-ready supply chain.

About the Authors

PwC Legal

PwC Legal is an independent multidisciplinary law firm with a presence in more than 90 countries with more than 3,500 lawyers and legal professionals and working in close connection with the global PwC Network. PwC Legal has developed a strong employment practice, regularly assisting and advising clients on various national and international labor laws and overall social compliance.

<https://www.pwclegal.be/en/contact-us.html>

9ID

9ID is the premier platform for contractor compliance and external workforce verification and management. 9ID minimizes the administrative burden by digitizing the entire contractor lifecycle, from pre-qualification to site access.

Trusted by global enterprises such as Pfizer, Alpro, Suntory, and Holcim, the platform ensures that every contractor is fully verified before they arrive on site. By replacing manual checks and spreadsheets with an automated workflow, 9ID ensures consistent verification with ease, keeping your compliance secure and always ready for inspection.

<https://www.nineid.com/contact>



PwC Legal

9ID