

# COMPANY BICYCLE

Advisory Handbook 2026



**esj**

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Do you provide your employees with a company bicycle? Are you, as a director and major shareholder, using a company bicycle yourself? In these cases, the taxable benefit-in-kind rate for your employee or yourself as a director and major shareholder is 7%. What additional fiscal conditions apply to this scheme, what types of bicycles are included, how does private use factor into this, and how is a company bicycle treated for income tax purposes if used by an entrepreneur?

## **BENEFIT-IN-KIND FOR PROVIDED BICYCLES**

### **Ownership by the Employer**

When an employer provides a bicycle for both private and business use, a fixed taxable benefit-in-kind of 7% of the manufacturer's recommended retail price applies. This means the bicycle remains the employer's property or is leased by the employer. The arrangement also applies if the employee independently leases the bicycle but is fully reimbursed by the employer. If the employee uses this bicycle for commuting or business trips, no tax-free travel allowance for these journeys can be claimed, as the employee no longer uses private transport for these trips.

It may occur that a bicycle is used for commuting, but occasionally a private vehicle, such as a car, is used instead. For these days, a tax-free reimbursement for the car journey may be provided. Given the administrative complexity, the Dutch Tax and Customs Administration approves individual agreements between employer and employee regarding the number of days per week travelled by private car and those travelled by bicycle. Based on these agreements, a (fixed) tax-free travel allowance can be granted. These agreements must be realistic and reflect the employee's personal circumstances. Occasional deviations from these agreements do not automatically require adjusting the reimbursement. Employers and employees may also agree upon a cafeteria scheme, where an employee exchanges gross salary for the use of a bicycle. This results in a tax advantage, as the employee is taxed only on the fixed rate of 7%. Specific realism requirements apply to cafeteria schemes.

### **Important!**

Payments made to third parties do not reduce the benefit-in-kind but can be reimbursed tax-free. This also applies to electricity costs if an electric bicycle is charged at home. If a fixed reimbursement for this is provided, thoroughly document these costs and request the employee to track their actual electricity consumption for a few months.

### **Ownership by the Employee**

It may also occur that the employer gives a bicycle to the employee or reimburses the purchase cost of a privately-owned bicycle. In these cases, the bicycle becomes the employee's property. Such provision or reimbursement is taxable as salary. Under the work-related costs scheme (*werkkostenregeling*), the bicycle may be provided tax-free. If there is insufficient free space within this scheme, the employer must pay an 80% final levy.

The fixed benefit-in-kind for private use does not apply if the bicycle is given to the employee or if the purchase costs of a privately-owned bicycle are reimbursed. In this situation, the employee uses their own bicycle for commuting and business trips. A tax-free reimbursement of €0.23 per kilometre (2026) is permitted for these journeys.

### Tip!

Unlike company cars, the taxable benefit-in-kind for bicycles can be included in the work-related costs scheme. This can be advantageous if unused space is available within the scheme. The employee will no longer see a wage tax deduction for the bicycle on their payslip.

### Important!

In 2026, the tax-free allowance under the work-related costs scheme is 2% for the first €400,000 of the total wage bill and 1.18% above that amount.

### Director and Major Shareholder as Employee

The same rules that apply to employees also apply to directors and major shareholders of a BV, as they are considered employees for tax purposes.

### For the Self-Employed

The benefit-in-kind valuation of 7% for a company bicycle also applies to self-employed entrepreneurs. This functions identically to the employee arrangement, except that the 7% benefit is directly added to business profits. For entrepreneurs, the benefit-in-kind amount can never exceed the actual annual costs of the bicycle.

## PRIVATE USE OR NOT?

The fixed benefit-in-kind does not apply if the bicycle (including shared bicycles) is only used for business purposes and never taken home. However, if the bicycle is used for commuting, the law explicitly assumes it is also available for private use, regardless of actual private usage. Unlike company cars, providing evidence through a travel logbook to prove no private use is not permitted for bicycles.

### Important!

The benefit-in-kind rule applies even if the bicycle is exclusively used for private purposes and not for commuting, for example, if commuting by bicycle is impractical due to distance.

### Tip!

When shared bicycles kept at work or other hubs are used for commuting, the fixed benefit-in-kind applies. Difficulties may arise because the employee does not have exclusive use throughout the year. The law does not address this specifically, so it is advisable to discuss such cases with the Dutch Tax and Customs Administration.

The benefit-in-kind does not apply if the bicycle is not regularly kept at home, such as:

- Bicycles kept at home less than 10% of the time (kept at home means the employee can store the bicycle at home and take the key inside).
- Shared bicycles picked up at the office or hubs.
- Company bicycles taken home only occasionally.

However, the benefit-in-kind applies if the employee detours for private errands during the commute home. These provisions have retroactive effect from 1 January 2020 and also apply to entrepreneurs with company bicycles.

## DEFINITION OF A BICYCLE

There is no statutory definition of a bicycle. For payroll tax purposes, therefore, anything regarded as a bicycle in everyday language is treated as a bicycle. This automatically includes the electric bicycle or e-bike.

Standard mopeds and light mopeds fall outside the scope of the additional taxable benefit scheme for bicycles. However, due to a statutory extension of the concept of 'bicycle' in payroll tax and Income Tax, the speed pedelec does fall within the 7% flat-rate addition. A speed pedelec is a bicycle with electric pedal assistance and a maximum speed of between 25 and 45 kilometres per hour.

From a tax perspective, sporty bicycles such as racing bicycles or mountain bikes may also be used as company bicycles within this scheme.

## ADDITIONAL TAXABLE BENEFIT BASED ON THE RECOMMENDED RETAIL PRICE

The recommended retail price publicly announced in the Netherlands by the manufacturer or importer serves as the basis for determining the value on which the 7% additional taxable benefit is calculated. If no recommended retail price is known for the bicycle, the recommended retail price of the most comparable bicycle must be used.

This value applies to both new and used bicycles.

### Tip!

It is therefore often advantageous to allow the employee to take over the bicycle for private ownership after a number of years. The employer may determine the transfer price based on the original purchase price less depreciation of 20% per year. This means that after five years the bicycle could be transferred to the employee free of charge. From that moment, the 7% additional taxable benefit no longer applies. For business kilometres cycled, including commuting, a tax-free allowance of €0.23 (2026) per kilometre may then be provided. In addition, the employer may, if desired, grant an interest-free loan for the purchase price of the bicycle.

For used bicycles, it may not always be easy to determine the original recommended retail price. Therefore, the joint bicycle importers and manufacturers have made an online tool available via the Stichting Digitaal Samenwerken Tweewielerbranche on the website [www.bijtellingzakelijkefiets.nl](http://www.bijtellingzakelijkefiets.nl).

## VAT DEDUCTIBILITY SUBJECT TO CONDITIONS

In addition to the impact on payroll tax, the extent to which the bicycle is used for commuting may also indirectly affect the deductibility of VAT on the bicycle. The VAT on the purchase or lease instalments is deductible up to a maximum of €130.

This deduction is subject to conditions under the BUA (Exclusion of Input Tax Deduction Decree). These conditions stipulate that the employer must not have previously provided or made a bicycle available to the employee in the calendar year or in the two preceding calendar years. In addition, from the moment the bicycle is provided or made available until the end of that calendar year, and during each of the

following two calendar years, the employer must not provide a travel expense allowance for 50% or more of the number of days, nor otherwise provide for commuting.

In practical terms, this means, for example, that VAT deduction is not permitted if the employee has both a company bicycle and a company car. However, VAT deduction is permitted if the employee travels exclusively by bicycle every day and no longer receives a travel allowance.

The restriction of VAT deduction to a maximum of €130 does not apply to the business bicycle of the entrepreneur themselves. In such cases, private use must be estimated as accurately as possible, and the VAT relating to that private portion is not deductible.

## EMPLOYEE CONTRIBUTION FOR PRIVATE USE

The additional taxable benefit for the private use of a company bicycle made available to the employee represents the amount taxed on the employee for the private use of that bicycle. In practice, this constitutes a form of benefit in kind. To the extent that the employee pays the costs of that bicycle themselves in the form of a contribution for private use, there is no taxable benefit and therefore no benefit in kind. The law stipulates that the additional taxable benefit is taxed “insofar as it exceeds the amount payable by the employee for private use”.

### Tip!

It is important that the employer structures the employee’s contribution, both legally and administratively, as a payment for private use and that this is processed administratively via the payslip.

If the employee pays a personal contribution for the bicycle made available, that contribution is subject to VAT. For the VAT deduction of up to €130, it must then be assessed whether the purchase price minus the employee’s contribution exceeds or falls below €749 including VAT. If the net amount does not exceed this threshold, the VAT charged to the entrepreneur on the purchase or lease of the bicycle is fully deductible.

If the purchase price or the total lease instalments, after deduction of the employee’s contribution, exceed €749 including VAT, the VAT deduction is disallowed for the amount exceeding €749.

## INVESTMENT ALLOWANCE

For business bicycles, whether or not made available to employees, you may qualify for the small-scale investment allowance (KIA). In addition, for electric cargo bicycles or cargobikes (cargo bicycles used for transporting goods), you may receive a 36% Environmental Investment Allowance, both calculated on 90% of the investment amount. If the cargo bicycle or cargobike is also equipped with solar panels, the Environmental Investment Allowance increases to 45% and the Random Depreciation of Environmental Investments scheme to 75%, again calculated on 90% of the investment amount.

Furthermore, you may receive a 45% Environmental Investment Allowance and a 75% Random Depreciation of Environmental Investments scheme for a charging locker intended for charging lithium-ion batteries used in electric bicycles and mopeds or light mopeds. You may also receive a 45% Environmental Investment Allowance and a 75% Random Depreciation of Environmental Investments

scheme for a wireless charging point for the electric charging and, where applicable, discharging of batteries used exclusively for your own electric (cargo) bicycles and speed pedelecs, provided that the charging point supports smart charging functions. The aforementioned investment allowances also apply in the case of operational leasing, in which case the leasing company applies the allowance. A number of additional conditions apply. For example, the weight of the cargo bicycle or cargobike must be at least 75 kilograms. The Environmental Investment Allowance and the Random Depreciation of Environmental Investments scheme also apply to any trailer and interchangeable battery.

### Tip!

To qualify for the Environmental Investment Allowance and the Random Depreciation of Environmental Investments scheme, the investment must be reported to the RVO within three months of entering into the obligation(s).

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