



BIKE PROVIDED BY THE COMPANY

Advisory Handbook 2025



Do you provide a company bike to your employees? Are you a director and major shareholder with a company bike? In such cases, the addition percentage for your employee or yourself as a director and major shareholder is set at 7%. What are the further tax conditions for this scheme? What types of bikes are included, and how is private use managed?

ADDITIONAL INCOME TAX FOR COMPANY-PROVIDED BICYCLE

Ownership of the Employer

In 2020, a new tax addition scheme for company-provided bicycles came into effect. The scheme applies a standard addition rate of 7% of the recommended retail price if the employer provides a bicycle for 'private use' as well. This means the bike remains the property of the employer or is leased by the employer. The scheme also applies if the employee leases the bike and all costs are reimbursed by the employer.

If the employee uses this bike for commuting or business trips, they are no longer eligible for a tax-free travel allowance for those journeys, as the bike is not considered a private means of transport.

In situations where the bike is used for commuting, but an employee occasionally uses a private vehicle, such as a car, for some days, a tax-free allowance can be provided for the days when a private vehicle is used. Given the administrative burden, it is permitted for the employer and employee to agree on a fixed number of days per week for car use and bike use. These agreements should align with the employee's personal situation and be reasonable. Minor deviations do not require adjustments to the allowance.

If the employer provides a bicycle, they may agree with the employee to use a cafeteria scheme. In this arrangement, the employee sacrifices gross salary in exchange for access to the bike. This approach is tax-efficient because the employee is only taxed on the 7% standard addition for the bike. The cafeteria scheme must meet specific requirements, particularly regarding its realism.

Note!

Payments to third parties do not reduce the tax addition but can be reimbursed tax-free. This also applies to electricity costs if the employee charges an electric bike at home. If a fixed allowance is given for electricity, the costs should be substantiated as much as possible, and the employee should track electricity consumption for a few months.

Ownership of the Employee

In some cases, the employer provides a bike to the employee or reimburses the purchase costs of a private bike. In this situation, the bike becomes the property of the employee, and the provision or reimbursement is treated as taxable salary. However, under the work-related expenses scheme (WKR), the bike can be provided tax-free.

If there is no remaining free space within the WKR, the employer pays 80% tax through the final levy.

The 7% standard addition for private use does not apply if the bike is provided or if the purchase costs of a private bike are reimbursed. The employee uses their own bike for business trips and commuting, and a tax-free travel allowance of €0.23 per kilometre (2024) is allowed.

Tip!

Unlike the private use tax addition for a company car, the employer can include the bike's tax addition within the WKR. This can be advantageous if there is unused free space within the WKR that has not yet been allocated to other secondary employment conditions. The employee then does not have a payroll deduction for income tax on the bike's addition.

Note!

The free space within the WKR for 2025 is 2% of the first €400,000 of the wage bill and 1.18% for the amount exceeding that.

Director and Major Shareholder as an Employee

The rules for employees also apply to the director and major shareholder of a private limited company (BV), as the director and major shareholder is legally regarded as an employee for tax purposes.

For Self-Employed Individuals

The valuation of the benefit of a company-provided bike at 7% also applies to self-employed individuals. This works effectively the same as for employees, except that the 7% addition is added to the profit for self-employed individuals. However, the addition cannot exceed the total cost of the bike in the year.

PRIVATE USE OR NOT

The standard addition does not apply if the employee uses the (shared) bike solely for business trips and does not take it home. If the bike is also used for commuting, a legal presumption applies: the bike is considered 'also available for private purposes if it is available for commuting'. Whether the bike is actually used privately is irrelevant for this scheme. Unlike with a company car, there is no 'counter-evidence scheme' (trip registration) for a bike to prove it is not used privately.

Note!

Even if the bike is used solely for private purposes and not for commuting, such as due to distance, the addition scheme still applies.

Tip!

If shared bikes parked at the workplace or another distribution point are also used for commuting, the standard addition applies. A challenge with shared bikes is that the employee does not have exclusive use of the bike throughout the year. There is no specific legal provision for this situation, and the calculation of the addition must be determined per case. It is advisable to consult the Tax Authorities regarding these shared bikes.

DEFINITION OF A BICYCLE

There is no legal definition of a bicycle. For payroll tax purposes, anything commonly considered a bicycle is treated as such. This includes electric bikes or e-bikes.

Standard mopeds and scooters are excluded from the bicycle addition scheme. However, due to a legal extension of the term 'bicycle' in payroll and income tax, the speed pedelec is included under the 7% addition. A speed pedelec is a bicycle with electric pedal assistance and a maximum speed between 25 and 45 km/h.

For tax purposes, the scheme also applies to sporty bikes, such as racing bikes or mountain bikes.

TAX ADDITION BASED ON THE RETAIL PRICE

The recommended retail price publicly announced by the manufacturer or importer in the Netherlands serves as the basis for calculating the 7% addition. If there is no known recommended retail price for the bike, the price of the most comparable bike should be used.

This value applies to both new and used bicycles.

Tip!

It is often attractive to allow the employee to take over the bike privately after several years. The employer may use an acquisition price based on the purchase price minus a depreciation rate of 20% per year. This means the bike can be acquired free of charge by the employee after five years. From that moment, the 7% addition ceases, and a tax-free allowance of €0.23 (2025) per kilometre can be provided for business cycling, including commuting. Additionally, the employer can offer an interest-free loan for the acquisition price of the bike.

If it is challenging to determine the original retail price for used bikes, an online tool is available on the website www.bijtellingzakelijkefiets.nl (Dutch only), provided by the Digital Collaboration Foundation for the Two-Wheeler Industry.

VAT DEDUCTIBLE?

In addition to the impact on payroll tax, the extent of use for commuting can also indirectly affect VAT deduction on the bike. VAT on the purchase or lease payments is deductible up to a maximum of €130.

However, this deduction is subject to conditions set out in the BUA (Decision on Exclusion from VAT Deduction). These conditions stipulate that the employer must not have provided or made a bike available to the employee in the calendar year and the two preceding years. Furthermore, from the date of provision or making the bike available until the end of the calendar year and in each of the following two years, the employer must not provide a travel allowance or any other form of commuting benefit for more than 50% of the days.

In practice, this means, for example, that there is no VAT deduction if the employee has access to both a company bike and a company car. However, VAT deduction is allowed if the employee exclusively uses the bike for commuting and does not receive a travel allowance.

The VAT deduction limit of €130 does not apply to the business bike of a self-employed individual. They must estimate private use as accurately as possible and then cannot deduct VAT on this portion.

EMPLOYEE CONTRIBUTION FOR PRIVATE USE

The tax addition for private use of a company-provided bike concerns the amount that is taxed as income for the employee for the benefit of private use. In reality, this is a form of taxable benefit in kind. If the employee pays part of the bike's costs as a contribution for private use, there is no taxable benefit, and thus, no taxable benefit in kind.

Legally, the tax addition is only applied to the extent that it exceeds the contribution the employee owes for private use.

Tip!

It is essential for the employer to properly document the employee's contribution as a fee for private use and ensure this is processed in the payroll system.

If the employee pays a contribution for the company-provided bike, this contribution is subject to VAT. For the VAT deduction of up to €130, it must be assessed whether the purchase price minus the employee's contribution is higher or lower than €749 including VAT. If the remaining amount is not higher than this limit, the VAT charged on the purchase or lease of the bike is fully deductible for the employer.

If the purchase price or the total lease payments, after deducting the employee's contribution, exceed €749 including VAT, the VAT deduction is excluded for the portion exceeding €749.

INVESTMENT ALLOWANCE

For business bikes, whether provided or not, you may be eligible for the Small-Scale Investment Allowance (KIA). In addition, for electric cargo bikes or cargobikes (cargo bikes for freight transport), you are entitled to:

- 36% Environmental Investment Allowance (MIA) and
- 75% Random Depreciation of Environmental Investments (Vamil),
- Both calculated over 90% of the investment amount.

If the cargo bike is also equipped with solar panels, the MIA is increased to 45%, while the Vamil remains at 75%, again calculated over 90% of the investment amount.

Furthermore, you may receive a 45% MIA for a wireless charging station for electric (cargo) bikes, combined with 75% Vamil. These investment allowances also apply to operational leases, where the leasing company applies the deduction.

However, there are additional conditions. For instance, the weight of the cargo bike or cargobike must be at least 75 kilograms. The MIA and Vamil also apply to any trailer and spare battery.

Tip!

To qualify for the MIA and the random depreciation of environmental investments, the investment must be registered with the Netherlands Enterprise Agency (RVO) within three months of entering into the obligation.

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