

## Expense Allowance Scheme

### 1. Expense Allowance Scheme (“EAS”)

The EAS involves all possible employee benefits and compensations including expense allowances and benefits in kind. In short, this means that employers are allowed to grant a tax-free compensation which amounts to a maximum of 1.2% of the total fiscal salary. If in excess, the final levy rate, payable is 80%!

### 2. Untaxed provisions

The EAS also provides exemptions for several provisions that may be provided untaxed. Thus, those allowances and provisions are not included in calculating the discretionary margin.

*Tip! It may be wise to check whether it is better to have taxable reimbursements paid and taxed via the employee’s payroll or via the EAS. Subject to the employee’s income, this may be beneficial.*

There are three types of exemptions:

- a) Limited necessity criteria
- b) Specific exemptions
- c) Provisions with a nihil value

#### Limited necessity criteria

In the event an employer considers a particular facility necessary within the context of its business operation, it is allowed to provide this untaxed to the employee. This is limited to:

- i. Tools
- ii. Mobile phones
- iii. Laptops/computers

#### Specific exemptions

Examples of such allowances and provisions include:

- a) Business travel and subsistence expenses
- b) Other reimbursed travel expenses for the employee’s own vehicle at rate of max: 0.19 EUR per kilometre.

- c) Study and training costs
- d) 30%-ruling (including extraterritorial costs)
- e) Moving costs (max. 7,750 EUR)
- f) Professional literature
- g) Discounts on company products (limited)

#### Provisions with a nil valuation

Several provisions may be valued at zero for the purpose of the EAS, which means that they do not actually take up the discretionary margin.

Examples of ‘nil valuations’ include:

- a) Workplace facilities, including consumptions that are not considered as a meal (drinks, cookies, candies, etc.;
- b) Work clothing, only usable for work or with a minimum logo of 70 cm<sup>2</sup>;
- c) Provisions for the home office.

All other provisions, bike-scheme, Christmas parties, gifts, etc., are all included in the discretion margin and are considered income for the employee.

*Tip! A Christmas party at the office may be a nil valuation as well. Combining events with business relations may be interesting too.*

#### Changes for 2020!

Good to know for next year. The discretionary margin is increased. For the first €400.000 the margin is 1.7%. For wages in excess it is still 1.2%.

#### Contact details

If you have any questions, feel free to reach out.

For further information, please contact:

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