

Dear employer, be aware!

When you reimburse the expenses of your employees such as gifts and events for employees, business lunches or clothing you have to deal with the new work-related costs. The introduction of the scheme is more tedious than most employers think, it involves more than just changes in your payroll system. It has impact on the labor conditions, employee benefits and the co-operate regulations of all your local staff in the Netherlands.

Do you grant your employees a yearly Christmas present, a gift voucher for anniversaries, do you arrange festivities for your employees OR do you provide compensation for costs made by your employees? You most likely have to deal with the so called 'employment costs-act', in Dutch known as 'de werkkostenregeling'.



The new 'employment costs-act'

As from January 2011 the 'employment costs-act' is introduced. In 2014 your labor conditions, employee benefits and corporate regulations should be in accordance with this new act. Although you have the opportunity to comply with the new regulations in a three year period, you must realize that the employee benefits and the expenses you make to reward them other than their base salary might have different (tax) consequences than before. Besides, some of these expenses are seen as labor conditions which are not easily changed.

What does this mean?

The basic is simple. Employers are entitled to use an amount of 1.4 per cent of their total yearly wage and salary bill for all kinds of expenses and benefits. Many rules and conditions for all different kinds of expenses will disappear. From an administrative point of view it should become easier... but nothing is as it seems. The 1.4 percentage is a very small amount easily reached! However, within this percentage you can provide fitness training tickets, 'business-bikes', festivities for your employees or Christmas presents. Pension premiums, travel expenses, the business phone, the business car and work-clothes are free to benefit.

80 per cent tax rate

What if you exceed the amount of 1.4 per cent? The tax rate is 80 per cent!

Our advice is to investigate the impact of these changes and to consider applicable measurements or alternatives. It is also important to inform your employees well and explain the need and the impact of the required changes.

Care4HR already adjusted their business regulations and labor conditions in accordance with the tax rulings. We gladly consult and advise you in this process.

More information?

Please contact us for further information, our tax lawyer Monique Heijtel is ready and prepared to help you. You can contact us by email: monique@care4hr.nl or info@care4hr.nl

Or telephone: 0031 (0)30 – 755 15 17