

## Memo

To:  
From: Business Unit Human Capital  
Subject: the new ruling for reimbursements  
Date: ... September 2010

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Dear ,

The current system of reimbursements in the Dutch Wage Tax Act will be changing into the new reimbursements ruling ('werkkostenregeling') in the year 2014. It will be possible to choose for this new ruling for reimbursements in 2011, therefore we would like to inform you with this memo.

### Introduction

As of January 1, 2014, the "werkkostenregeling" will be mandatory. This is a new way of dealing with reimbursements for your employees. The "werkkostenregeling" will enable you to spend 1,4% of your total payroll amount on untaxed reimbursements for your employees. The employer is entitled to a budget of 1,4% of the total payroll amount to provide or compensate for the employee. This budget amount will be determined on the level of the employer and it is not necessary that each employee gets an equal amount of this budget. It is even possible to compensate one employee and give nothing to the next (if the requirements of the "gebruikelijkheidstoets" or conventionality test are met).

There will be a transition period during the upcoming years 2011, 2012 and 2013. During this period you can choose if you want to use the current system of reimbursements or would like to switch to the "werkkostenregeling".

### How does the "werkkostenregeling" affect your business?

The "werkkostenregeling" is a new way of dealing with taxfree reimbursements. 1.4% of the total payroll amount (from the current year) may be used for taxfree reimbursements. As an employer you may divide this amount along your employees. These reimbursements, up to 1,4% of the total payroll amount, will not be taxed. Some examples of reimbursements are: a fixed expense allowance, the distribution of a telephone or a staff party.

Once the fees and benefits exceed 1.4% of the payroll amount, the excess is taxed with 80% wage tax at source. This is a financial burden of the employer and can not be paid by the employee.

### Example

When your payroll amount is € 650,000 and you reimburse € 9.100 or less, then these reimbursements are free of taxes. However, when your total amount of reimbursements are exceeding the value of € 9.100 you need to pay 80% wage tax at source on the amount exceeding € 9.100.

The "werkkostenregeling" reduces the amount of rules and regulations regarding tax free reimbursements. However, you must keep track of the reimbursements you pay or provide for, in order to determine which part of them is covered by the 1,4% budget. This means it is important you check which kinds of reimbursements your staff gets paid or is provided for. Consider your employment conditions, individual agreements with your employees and the collective agreement (CAO) when applicable.

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Every kind of reimbursement is covered by the “werkkostenregeling”, unless it belongs in one of the categories listed below.

The three categories of exceptions are:

- *Intermediate costs*: costs that are connected to the staff, but actually belong to the costs of your business ( the costs for a business dinner or the costs of washing the company car, for example)
- *Targeted exemptions*: it has been determined that a limited amount of things can be provided or compensated for tax free ( for example the costs of business relocation, compensation for business travel with own transportation (€ 0,19 / km) as well as courses, study connected to the employment contract)
- *Zero rating*: allowances and benefits that are zero rated and thus do not ‘occupy’ the 1.4% budget (the use of a pc or laptop, arbo- facilities and consumptions at the office (meals excluded))

## “Gebruikelijkheidstoets”

It is important to notice the one limitation of the “werkkostenregeling”, the so-called “gebruikelijkheidstoets”. This limitation means that you may not grant your employees benefits or allowances that deviate more than 30% of what is customary in similar circumstances. The amount of money that exceeds the 30% limit, is taxable wage of the employee. For example: a Christmas gift exceeding the € 10.000.

## The transition period

The transition period gives you a chance to adjust to the “werkkostenregeling”, so during this period you can still use the current the current system of reimbursements. In 2011, 2012 and 2013, you will get a new chance to choose between the current system or transferring to the “werkkostenregeling”. Your administration should make your decision evident. Your administration should show which matters are covered by the “werkkostenregeling” and how the 1,4% is calculated. If your administration does not make clear whether or not you have applied the “werkkostenregeling”, the Dutch tax Authorities will assume you use the current system of reimbursements.

If you choose the current system, you should be aware that in 2011 a limit will be imposed on staff trips and – parties. All above € 454 per employee per year will be taxed.

## “werkkostenregeling ” or transition period?

If your allowances and benefits exceed the available 1.4% budget, you should not transfer to the “werkkostenregeling” immediately, but use the transfer period. If you do not exceed the 1,4% limit, it might be a good idea to transfer to the “werkkostenregeling ” immediately.

## Interested in a “werkkosten”scan or more information?

If you would like more information on the “werkkostenregeling”, please contact Huibert de Potter or Maria Modica on telephone number +(00)3120-5646000 or by e-mail [hpo@dknco.nl](mailto:hpo@dknco.nl) or [mam@dknco.nl](mailto:mam@dknco.nl).

De Keijzer Nipius & Co can arrange a “werkkosten”scan for you. The scan costs from €500 (ex. VAT). If you are interested in this option, please also contact Huibert de Potter or Maria Modica.