

## Biking to work: the tax advantages

Biking to work brings a lot of advantages. The employer can put a bike at the disposal tax free and pay a tax exempt bike allowance and the employee can deduct 23 cent per kilometer as professional expenditure. There are exceptions for mountain bikes, race bikes and speed pedelecs (fast electric bikes). An overview.

### Some advantages for the employee

#### *Company bike*

The employer can put a bike at the disposal of the employee for free, which can also be used for private purposes. This is a benefit in kind, just like it is the case when putting a car at the employee's disposal. Big difference is that on the benefit in kind for the company bike no tax is due by the employee/director. When you have a company car, you pay tax.

#### *Bike allowance*

An employer can also pay a bike allowance to his employee, when he rides his bike to work. This is possible for who (partly) rides its own bike to work as for who uses a company bike. The allowance amounts to 23 cent per kilometer and is tax exempt.

Both systems can be combined: free bike + bike allowance. The employee will pay tax on neither of them.

#### *Professional expenditure*

Last but not least you deduct a lump sum amount of 23 cent per kilometer as professional expenditure when you bike to work. It is a 'lump sum' since it is not relevant whether your bike actually costs 23 cent per kilometer or not. Compare: when using a car you can only deduct 15 cent per kilometer.

Watch out: you can only use this lump sum deduction when you have opted to deduct/prove your actual professional expenses. It cannot be combined with the general lump sum deduction for professional expenditure.

#### *Example*

*When the weather is nice, Marc bikes to work. The distance from home to work is 14 kilometer. During one year he uses his bike 124 times. Therefore he receives from his employer a tax free biking allowance of  $124 \text{ (days)} \times 14 \text{ (kilometer, one way)} \times 2 \text{ (back and forth)} \times 0,23 \text{ (allowance)} = 798,56\text{€}$ .*

*Next to this allowance, he can deduct the same amount as professional expenditure.*

### Advantage for the employer

Also the employer has an advantage: the costs he makes are 120% deductible. He can deduct more than he actually spends. This rule goes for the costs related to the company bike, but also for biking storage and bikers facilities (dressing rooms and showers).

### The special cases of the mountain bike and race bike

Notwithstanding the fact that these are also bikes, special rules apply to mountain bikes and race bikes.

Mountain bikes and race bikes: biking allowance (23 cent/kilometer) remains tax exempt and professional expenditure deduction (23 cent/kilometer) is possible. Difference is that in case the employer provides a mountain bike or race bike, the benefit in kind is taxable.

### The special case of the electric bike

Also an electric bike is a bike. So it is logical that the electric bike can also benefit from the above advantages.

Which is the case. But not for all electric bikes. The speed pedelecs (these are electric bikes attaining speed up to 45 km/h) fall by the wayside. The traffic code treats them as motor bikes. These are no bikes for tax purposes, so they cannot benefit from the advantages. A solution is under its way for speed pedelecs, so that the difference in treatment will disappear.

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