

Travel allowances in the Netherlands

*By Ralph Wilbers, managing director of
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In the Netherlands we have a certain rule that allows us to reimburse our employees for travel expenses on their daily commute

Many companies add travel allowances to their employee benefits. There is a maximum that can be paid tax-free and many companies will have different views on whether to pay this in full.

Public transportation and business trips

The easiest example is public transport (travel by bus, train, metro, tram and ferry). When you travel by public transport it's simple - you can get the actual cost reimbursed or pay travel allowances. When your employees travel for business by plane, boat or taxi the full cost can be reimbursed. You will need to save the tickets as part of your financial administration.



Commuters

The most common rule from our tax department is that we are allowed to pay 19 cents per kilometre. We don't make that calculation for every employee each month (we usually pay monthly in the Netherlands, although some companies, such as caterers and builders, pay four-weekly and temping agencies usually pay weekly).

We calculate the travel allowance with a standard formula. For example, if the distance for the most direct route by car is 15kms one way from home to your work address you will pay:

$15 \times 2 \times 214 \times 0.19 / 12 = 101.65$ Euros of monthly travel allowance net pay for five days.



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If you work part-time, say three days a week, just divide the figure by five and multiply by three.

The 19 cents per km is the maximum (untaxed) payment and it’s not mandatory, so employers can decide to pay less, for example, no more than 10 cents or they can start paying for employees living over 10kms away. You can also pay more than 19

cents, but everything over the amount is taxable.

When you live further than 75kms away from work, you can still apply the formula but you will also need to register the days worked/travelled as proof for the tax department. Companies with employees exceeding 75kms will usually cap payment at 75kms. ►

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Most common route

It's up to the employer to define the most common route - the mileage needed to calculate the travel allowance. It can be the shortest or the fastest route. It doesn't matter if the employee chooses a different route, it's just the base for calculating the travel allowance.

The software we use for our payroll services includes a built-in tool, which calculates the kilometres through Google's fastest route. The government doesn't recommend particular software for determining the distance.

Sick and unpaid leave

When an employee is absent due to sickness, you are allowed to continue paying the travel allowance for a maximum of six full weeks.

For example, your employee calls in sick (in the Netherlands our employees will be paid during sick leave) on 5 April and you know it will be a few months before he can get back to work. In this case, you are allowed to pay the travel allowances for April and May, but will need to stop this from June onwards until he returns. If you would like to still pay the travel allowance after the six-week period, the travel allowance will be counted as wages and be subject to taxation.

Parking

Parking costs are often forgotten. When employees are on a business trip with their own car and receive the 19 cents per kilometre, this is meant to cover parking. Often, employers will reimburse the cost of parking on top of the 19 cents. This can be done under employee benefit taxation (WKR).

The good news

I always think it's good to finish with some good news - you can travel by bicycle or walk to work and will still receive your travel allowance. ■

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When **Payroll Resources** founder Ralph Wilbers first had a taste of personnel and payroll administration in 2002, he decided to specialise in payroll. Ralph is now a NIPRA and Registered Payroll Professional (RPP) certified payroll professional. Payroll Resources boast a 'new approach to payroll', turning services into an experience with the help of experienced and enthusiastic professionals.