

Tax Newsletter

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Company bike and/or bike allowance: don't lose the fiscal pedals!

- A 'bike' is a wheel, an (electrically driven) motorized wheel or an (electrically driven) speed pedelec, as defined in the police regulations.
- When the employer puts a company bike (incl. maintenance and garage expenses) at the disposal of his employees or Directors (hereafter 'beneficiary'), the beneficiary receives a tax-free social benefit if he uses the bike for commuting purposes and for purely private travel. However, as of 2024 this personal tax exemption only applies if the beneficiary does not deduct actual business expenses. .
- When the beneficiary is also entitled to a mileage allowance of maximum 0,35 per km and maximum EUR 3.500 per annum (tax year 2025 – income year 2024) to compensate *actual commuting travel* with his (own or company) bike, this allowance is also tax-free (and neither subject to social security) if the same conditions are satisfied. If the ceiling is exceeded, the excess amount is taxable business income. For the employer, the bike allowance is a disallowed expense if the beneficiary does not pay personal tax on it.
- However, such business income due to exceeding the annual ceiling is eligible for the maximum general exemption of EUR 490 (tax year 2025) relating to employer's contributions for commuting expenses, other than those stemming from public transport or collective transport organized by the employer. This only applies if the beneficiary claims the lump-sum cost deduction for personal tax purposes. .
- If the employer granted a bike allowance exceeding the annual legal ceiling during 01.05.2023 – 31.12.2024, he can claim a tax credit of 15% (CLA 164) or 25%. .
- A bike allowance covering pure business travel is a cost proper to the employer and thus tax-free for the beneficiary whilst the employer can deduct this cost.
- A circular letter of 28.03.2024 confirms that, if the beneficiary deducts his actual business expenses, he will be taxed at progressive (max. 50%) personal tax rates on 'business income'. However, the employer is not required to apply payroll withholding tax, even if the beneficiary does not commit in writing to deduct lump-sum business expenses. .
- The entire benefit derived from the company bike and the total bike allowance must be reported on a salary slip. The employer has to value the *benefit* of the company bike taking into account the cost savings (vat incl.) for the beneficiary. .
- An employer investing in a bike garage (incl. dressing room and showers) and/or a company bike (incl. repair and maintenance expenses) can deduct 100% of the expenses for corporate tax purposes and, as of 2025, also for personal tax purposes. The 2024 personal tax deduction was still 120%.
- As of 2025, an employer investing in a bike garage can also claim the increased thematic investment deduction of 30% (if the employer is a 'big company') or 40% (if the employer is a 'small company' or an individual).
- The employer may offer a company bike within the so-called mobility budget limits.