

# Promoting cycling to work. What are the financial possibilities in the Netherlands?

Version 12 March 2024



Photo: Bas de Meijer

35% of all people travelling a short distance to work by car would not mind cycling. As shown in a recent survey from MarketResponse<sup>1</sup>. However, change is a complicated matter. Convenience and habits play an essential part. The car is parked outside the house, the car keys are up for grabs, and the bicycle is parked at the back of the shed. However, the employer also plays an important role. The reimbursement of travel expenses partly determines an employee's chosen mode of transport.

So far, promoting cycling to work has primarily been a government initiative. However, cycling to work can also be appealing from the employees' perspective. A perspective that is still underemphasised in some collective labour agreements. Improving conditions for employees who cycle into work can contribute to good employment practices and vitality and prevent illness-related absenteeism. However, a good bicycle scheme also involves a financial aspect, which becomes even more crucial in times of declining purchasing power and high fuel prices. A proper bicycle allowance can provide financial support for an employee who lives within a cyclable distance from work.

Tour de Force<sup>2</sup> and Natuur & Milieu have prepared this publication to show employee representatives in trade unions and works councils how to encourage commuting by bicycle. A part of these cases has been contributed by Lease a Bike and Hellorider, two companies that provide bicycles.

---

<sup>1</sup> MarketResponse, *Use the Bicycle ('Kies de Fiets')*: A survey into the motivations and obstacles to using bicycles more often. Amsterdam, January 2023.

<sup>2</sup> Tour de Force is the collaborative partnership of government entities, market parties, social organisations, knowledge institutions, and platforms dedicated to promoting 'the bicycle' in the Netherlands.

## Why encourage cycling to work?

Bicycles deserve a significant role in an employer's mobility policy. The bicycle fits a growing demand for sustainable business travel and aligns with the increasing focus on health and vitality. We have outlined the positive aspects of commuting to work by bicycle:

- The bicycle is fast, often just as quick or quicker than travelling by car, specifically in an urban environment.
- Cycling is healthy: individuals aged 55 and older who cycle have the immune system of 20-year-olds<sup>3</sup>.
- Cycling is sustainable, with no emissions of CO<sub>2</sub>, particulate matter, or other harmful substances.
- Bicycles take up less parking space than cars.
- The bicycle is cheaper than a car or the train.

---

*Different studies show that people who cycle to work call in sick less often on average. The average number of absentee days for cyclists is 7.4 compared to 8.7 for non-cyclists. A large number of cyclists are never absent due to illness. The absenteeism frequency among cyclists is also lower than that of non-cyclists.*

Sources:

[- Preventive Medicine: The association between Cycle to Work Scheme](#)

[- TNO: Fietsen is groen, gezond en voordelig](#)

[- Nationaler Radverkehrsplan: Forschung Radverkehr](#)

---

## How can an employer promote cycling to work?

There are three things an employer can arrange to promote cycling to work<sup>4</sup>:

1. Compensation: reimbursing usage or purchasing costs or making bicycles available.
2. Facilities: a covered, safe bicycle storage area with proper racks and charging points. A dressing room and possible shower facilities for the enthusiastic cyclist. Lockers and a coat rack for wet clothing.
3. 'Soft' measures to promote cycling include role modelling, campaigns, trial initiatives, and on-site bicycle repair service (winter and spring checks).

The Dutch tax office offers various opportunities to support commuting by bicycle financially. We will delve deeper into those allowances and the financial possibilities.

### Reimbursement for using the bicycle

An employer can provide a tax-free mileage reimbursement to employees commuting by bicycle and for business trips and work-related travels. This remuneration is a maximum of €0.23 per kilometre, tax-free. Providing a higher reimbursement is also allowed; however, the amount exceeding 23 cents is generally considered taxable unless it is covered by the free allocation within the Work-Related Expenses Scheme.

---

<sup>3</sup> <https://www.bbc.com/news/health-43308729>

<sup>4</sup> Detailed information on promoting cycling into work can also be found in Natuur & Milieu's Guide on Cycling ('Fietswijzer'): <https://www.natuurenmilieu.nl/themas/mobiliteit/projecten-mobiliteit/fietswijzer/>

---

*KPN is the first company in the Netherlands to offer a net mileage allowance of €0.40 per kilometre cycled. With an attractive bicycle leasing plan, employees can travel by (electric) bicycle at low costs. Employees who cycle to work one day a week, covering a distance of 15 kilometres each way, can ride a standard electric bicycle for next to nothing. The scheme is even more advantageous for those who cycle more. Employees who travel with their own car receive €0.23 net per kilometre<sup>5</sup>.*

---

### Reimbursing the purchase of a bicycle

An employer can reimburse an employee for a bicycle that the employee purchases. This reimbursement can be combined with a mileage allowance. The scheme resembles the old bicycle plan. The tax authorities offer two tax-friendly options:

1. The reimbursement is deducted from the Work Cost Scheme (WKR) free space.
2. The employee exchanges a portion of their gross salary for a (partial) reimbursement related to the bicycle. The tax benefit comes at the expense of the free space.

### Interest-free loan to purchase a bicycle

An employer may offer an employee a loan to purchase a bicycle. The interest benefit of that loan falls within the Work Cost Scheme (WKR) under nil valuations if the loan is used to purchase a bicycle, electric bicycle, or electric scooter. This benefit does not impact the free space. An employee can repay the interest-free loan using the reimbursement of travel expenses. The advantage for the employee is the unpaid interest on the loan and not having to come up with the entire amount for the bicycle at once. The employer has a slight financial disadvantage, namely the foregone interest.

### The company bicycle

Since January 1, 2020, there has been a new benefits in kind scheme for company bicycles. This scheme offers employers extra possibilities to facilitate and encourage commuting to work by bicycle. The company bicycle is also called the lease bicycle (as we call the company car a lease car). In the case of a company bicycle, the employer purchases or leases the bicycle and makes it available to the employee. The bicycle remains the property of the leasing company or the employer and does not belong to the employee. An employee using a lease bicycle is not entitled to a mileage allowance.

The tax authorities assume the bicycle will also be used for private use and will, therefore, benefit the employee. That is why the tax authorities impose a benefit in kind charge. The benefit in kind charge ensures that the company bicycle has been granted an exemption within the Work Cost Scheme (WKR). Many providers consider this outside the Work Cost Scheme (WKR) from a marketing perspective. This falls outside the 'free space of the Work Cost Scheme (WKR)'.

### The benefit in kind scheme

What does the benefit in kind scheme of the company bicycle entail? If you leased a bicycle for business purposes before 2020, you had to determine the personal use value of the company bicycle. This was a complicated matter, acting as a barrier to leasing bicycles. Since 2020, there has been a benefit in kind percentage for determining the personal use of a company-leased bicycle, similar to the approach used

---

<sup>5</sup> Source: <https://www.overons.kpn/nieuws/kpn-stimuleert-fiets-voor-woon-werkverkeer/>

for company cars. The difference with the car lies in the benefit in kind percentage: 7 percent for the lease bicycle (15 or 22 percent for the car).

### Who pays what?

In addition to the benefit in kind costs, there are, of course, leasing charges. For a company car, the employer usually covers these costs entirely, sometimes with a small contribution from the employee. This can also apply to a company bicycle. However, with the company bicycle, we also see the variation where the employee partially or fully covers the leasing costs. The employee can exchange the lease costs with their gross salary and benefits from the tax benefit. The exchange is not part of the Work Cost Scheme (WKR).

## The advantages of a company bicycle

### #1 More expensive bicycles within reach

Through a leasing scheme, an employer makes the bicycle financially more appealing for employees. You are essentially subsidising commuting by bicycle. More expensive bicycles, including the e-bicycle and the speed pedelec, come into play. This is an advantage compared to the old bicycle scheme, which was often limited to bicycles up to 749 Euros. Thanks to the e-bicycle and the speed pedelec, the bicycle also becomes an exciting option for people with a longer commute, for example, 10 or 20 kilometres.

### #2 As an alternative to the company car lease

A second reason for a company bicycle is its alternative to the company car. For example, for employees who are not interested in a company car as they are unable to park in the city. Or maybe you've had enough of lease cars yourself. They cost a lot of money every month and take up a lot of parking space.

---

*Vierstroom Zorg Thuis demonstrates that a company bicycle is more than just of interest for commuting. In 2020, they made 450 bicycles available to their ambulatory care providers and office staff. Vierstroom pays the lease costs of the specifically designed 'care-e-bicycle'. These costs are primarily compensated by reduced travel time, absenteeism, and travel expenses. Employees can also use the bicycles for private purposes and, according to Vierstroom, are very enthusiastic. Vierstroom considers this measure an attractive employment benefit and a way to engage and retain employees.*

---

### #3 In addition to the lease car

The company bicycle can be combined with the company car. For employees who are entitled to a company car but won't need it on a daily basis, a company bicycle can trigger them to cycle to work one or more days during the week.

### #4 Convenience

Through a leasing scheme, an employer purchases service and convenience. It is the easiest way to provide employees with a bicycle. The lease company ensures the employer and the employee don't have to worry about anything, whether it's maintenance, insurance, handling damages, or roadside assistance.

---

*To promote sustainability, Kyocera<sup>6</sup> sought to reduce the number of kilometres travelled by car by employees. The idea of a company bicycle aligned well with this objective. Sabrina Bakker, Governance Manager: “The decisive factor was that the employee manages almost everything through the digital platform. We wanted to minimise additional work associated with the bicycle scheme.” Meanwhile, 12 out of 75 of Bakker’s colleagues are using a lease bicycle, and a few more applications are in process. “We contribute 35 Euros per month to leasing costs. This lowered the barrier to participation. The fact that the bicycle scheme covers all types of bicycles convinces the last few hesitant individuals. You can also order an e-bicycle if you live a bit farther away”.*

---

## **#5 Spreading the costs**

Purchasing an e-bicycle or speed pedelec for ten employees or more is costly. Leasing enables the employer to spread the charges over multiple years. This also applies to the employee. A monthly amount instead of a large sum, which has to be paid at once, is often the decisive factor in choosing to lease.

### Questions on the company bicycle

#### *Company bicycle and mileage allowance?*

The company bicycle may not be attractive for everyone. For example, employees who currently receive a tax-free travel allowance when travelling by bicycle. This travel allowance will not apply for the days they use the lease bicycle to work. The employee will do the math: "What am I giving up in reimbursement of travel expenses, and what am I gaining in return through the company bicycle?"

Depending on their travel distance and frequency, this could amount to a loss of several tens of Euros to over 100 Euros per month for the employee. On the Dutch Cyclists' Union (Fietsersbond) website, there is a [tool](#) for calculating the tax-free annual amount you receive for mileage allowance.

#### *What if you also occasionally travel by train?*

Employees who are not travelling by company bicycle on a daily basis or are travelling part of their commute with a different mode of transport, for example, by train, are eligible for a tax-free reimbursement of travel expenses for the kilometres travelling by other mode of transport. This essentially calls for a mileage tracking system. Employers and employees can also agree on the number of days they will travel by bicycle and the number of days when a car or train will be used. Agreeing once a year is sufficient, and the employer can then provide a travel expense reimbursement for the days not travelled by bicycle. No need for a complicated travel registration system.

It is also possible to use the bicycle exclusively for personal use.

Some employers choose to continue reimbursing travel expenses and paying employees to use the lease bicycle. This is an option; however, it will not be tax-free unless you have remaining space in the Work Cost Scheme (WKR). Please see the case below for more information.

---

<sup>6</sup> Source: Lease a Bike

---

*The BTE Groep (800 employees) in Dodewaard is a partnership between eight concrete manufacturers. The BTE Groep has decided to still reimburse travel expenses to participants in their bicycle leasing program. The employer is allocating the reimbursement of travel expenses to the Work Cost Scheme (WKR). This is a great success; more than 12% (>110 employees) use bicycle<sup>6</sup>.*

---

*What happens to the lease bicycle if the employee moves company?*

If an employee with an active lease contract leaves the company, a solution must be found for the bicycle. Different providers offer different options:

- The employee leaving the company will pay off the remaining lease terms and keep the bicycle.
- The existing lease contract will be transferred to a colleague within the company.
- The employee takes the bicycle and the lease contract to the new employer.
- The lease contract is converted into a private lease contract.

---

*“It was important to us that the bicycle scheme would be available to all colleagues within the company,” says Rachelle Dange, Compensation & Benefits Specialist at Hazera Seeds<sup>6</sup>. “Even if you live far from the office and can’t commute by bicycle, you can still opt for the company bicycle.” Hazera does not contribute to the lease costs. “Even without a contribution from us, the bicycle scheme is attractive. There is a fiscal advantage as we deduct the lease costs from the gross salary every month. This can result in savings of up to 40 percent compared to the private purchase of a bicycle.” Hazera has a special arrangement allowing the lease bicycle to be purchased after the 36-month term.*

---

*Which employee will opt for a lease bicycle?*

For an employer who does not reimburse travel expenses for employees cycling into work, a company bicycle is theoretically attractive for every employee who lives within cycling distance. A cycling distance is approximately 7.5 kilometres on a regular bicycle, 15 to 20 kilometres on an e-bicycle and up to 20 kilometres on a speed pedelec. A leasing arrangement is often too much of a good thing for an inexpensive regular bicycle.

A company bicycle is almost always attractive for an employee needing a new bicycle. The option to pay in installments is especially beneficial. The success of a leasing arrangement is also determined by the level of the employer's contribution. Potential cyclists are easily convinced if an employer contributes around €50 per month.

---

*SuitSupply<sup>7</sup> wanted to offer additional benefits to new and existing employees and encourage a healthy lifestyle. “A company bicycle does make you as an employer more interesting for new or existing employees.” Employees working at SuitSupply for over a year are eligible for a lease contract. SuitSupply contributes to the lease costs*

---

<sup>7</sup> Source: Hellorider

*and has arranged for employees to claim their travel expenses on the days they are not commuting by bicycle. Underneath the new building on the Zuidas, SuitSupply has a beautiful bicycle storage facility with toilets, showers, and lockers for clothing, luggage, and e-bicycle batteries.*

---