



Netherlands

Guide to the work-related costs scheme and fiscally beneficial business gifts in 2024.

Your checklist for gifts.

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1. Employee gifts

An increasing number of private and public organisations are taking **initiatives** to make themselves more **attractive** as employers. Individual recognition plays a major role in this. Employee gifts also offer an ideal opportunity to **optimise** your employees' salaries.

This white paper gives you a clear overview of the options and outlines the legal conditions for each one.

Legal conditions

Work-related costs scheme

- The wage bill
- Usual value of gifts

The discretionary scope



1.1 The work-related costs scheme

In the Netherlands, the legal conditions regarding employee gifts were simplified from 1 January 2015 through the **work-related costs scheme**. This scheme allows you to spend **1.92%** of the **taxable wage bill**, up to **€400,000**, **freely** on your employees. If the wage bill is above that, you may spend **1.18%** freely. This is called the **discretionary scope** ('vrije ruimte' in Dutch).

To secure a tax-friendly employee gift, you now only need to consider two things:

- The total wage bill
- The usual value of gifts within the company/industry

We distinguish between **tax exemption** for the **employee** and **tax deductibility** for the **employer**.

FAQ?

The wage bill?

Total wages
+ social
contributions
payable by
the employer

The wage bill is the total **wages and social contributions payable by the employer**.

This consists of periodic wages **paid directly** to the employees (including gratuity, overtime pay, company car, commission, benefits in kind, holiday pay, travel allowance) plus **social security contributions** by the employer.

1.1.1 The discretionary scope

The discretionary scope is redetermined every year. In 2024, the discretionary scope on your taxable salary **up to €400,000** is **1.92%**. On the amount of the wage bill above €400,000, the discretionary scope in 2024 is 1.18%.

Time for a bit of theory. The work-related costs scheme assumes that virtually everything the employee receives through their job is labelled as wages – and taxed as such. However, the law provides for a discretionary scope of 1.92% of the wage bill of your employees.

Tax-free allowance

That discretionary scope can be spent on **untaxed allowances***, including employee gifts. As long as you stay within that scope, you don't pay payroll tax. Outside that discretionary scope, you pay a **higher final tax rate of 80%** on the part that exceeds that discretionary scope.

Tax-free homeworking allowance

Since 2022, you are allowed to give employees a **tax-free allowance** for expenses they incur when working from home such as gas, water, electricity, toilet paper, coffee and tea. This tax-free allowance increases to **€2.35** per day in 2024.

With the exemption of the homeworking allowance, working from home or hybrid work is officially part of the work culture in the Netherlands. The allowance is therefore **not deducted from the tax-free allowance** for employee gifts.

So it pays to keep a close eye on that discretionary scope. In doing so, it is best to take into account the **fringe benefits*** you offer to your employees.

Confused?

This short example of a calculation explains the scheme:

	Taxable wage bill €350,000	Taxable wage bill €900,000	
Discretionary scope	$350,000 \times 1,92\%$ = €6,720	$400,000 \times 3\%$ = €12,000	$500,000 \times 1,18\%$ = €5,900
Total discretionary scope	= €6,720	= €17,900	

Rule of thumb

Wage bill $\leq 400,000 = 1,92\%$

Wage bill $\geq 400,000 = 1,18\%$

*The untaxed allowances

The discretionary scope can be spent on gifts and costs incurred by the employee to fulfil their job. Examples include a Christmas or birthday gift, gym subscription or a good chair for their home office.

*Fringe benefits

The rewards you agree with your employee on top of their salary. These may be financial in nature, but not necessarily. A company bicycle or car, a thirteenth month's salary or company savings are examples.

Finally, you need to consider the **usability test**. This prescribes that the value of gifts should not deviate by more than **30%** from what is usual within your company or industry. Read more about it here.

1.1.2 Tax deductibility for employers

Costs for staff gifts and Christmas hampers serve a limited business purpose. These are therefore mixed costs, which are not deductible for income or corporate tax up to a threshold amount. This threshold goes up from €5,100 to €5,600 in 2024.

For **income tax**, €5,600 of mixed costs are not deductible from your profit. You may also choose to use the 80% rule in your tax return. This allows you to deduct 80% of the mixed costs, but not the other 20%. You can therefore choose the approach that is most beneficial to you.

For **corporate tax**, things work slightly differently. A company subject to corporate tax may not deduct up to €5,600 of mixed costs from its profit. Or 0.4% of the company's total wage bill, whichever is higher.

There is also an alternative corporate tax arrangement that allows companies to as standard deduct only 73.5% of mixed costs, and therefore 26.5% are non-deductible.

1.1.3 The €25 rule

Do you give your employees a gift that **isn't really linked to the employer-employee relationship**? In that case, we refer to 'pay', and that amount will **not be part of the discretionary scope**. That amount will be subject to the **€25 rule**, and is exempt from tax.

Take, for example, a mourning wreath, which is a gift given out of courtesy and sympathy. The gift is given based on a **personal** rather than professional **relationship**.

1.1.4 Zero valuations

Certain workplace facilities **don't count as part of the discretionary scope**. They are given a so-called **zero valuation**. These may include:

- Workwear
- Coffee and tea in the workplace
- Gym at the workplace

The tax authorities provide [an overview](#) of benefits in kind for which a zero valuation applies in the work-related costs scheme. (only in Dutch)

Three conditions apply in this case:

1. It concerns a **personal gift** in a situation where others would also give such a gift (e.g. newborn, birthday, marriage, illness, etc.)
2. You **don't give money** or a voucher
3. The gift does not exceed **€25** (incl. VAT)



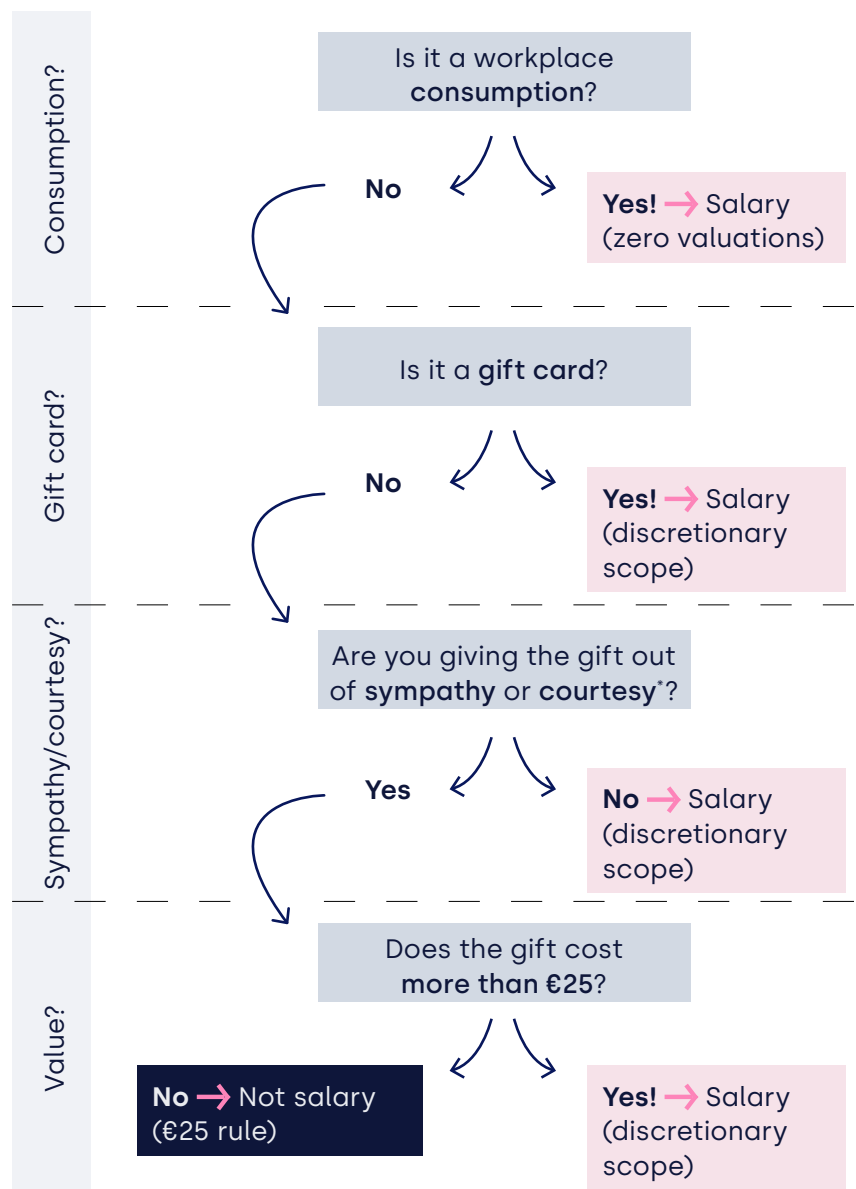
1.1.5 The work-related costs scheme in practice

Buying employee gifts doesn't stop at arranging a gift. **Administrative processing** for the Tax Office is also an important part of the work involved. By correctly and cleverly applying the regulations offered by the work-related costs scheme, as an employer you can avoid **unnecessary extra charges**.

Flowchart

But how exactly can you do this? This flowchart will make it clear.

Employee gifts: how to record them correctly?



Note: This flowchart is purely informative. No rights can be derived from it and it is not exhaustive. The exact design of the work-related costs scheme varies depending on the organisation and occasion, and is entirely the responsibility of the organisation. For a more complete overview, please refer to [this document from Interfisc](#) (in Dutch).

Checklist

1.2 Examples of gift-giving occasions

Basis for your administration

The checklist below can **guide** your gift policy. Or you can use it to incorporate existing policies into a similar checklist. Your gift policy often includes specific amounts for gift-giving occasions. You can then also work those amounts into a checklist as in the example below. Don't yet have a targeted gift policy? You can also make a distinction between gifts above and below €25.

Gift	No wages €25 rule	Wages Zero valuation	Wages Discretionary scope
Gift voucher of €25 for birthday			x
Birth present of €25	x		
€15 bottle of wine for an anniversary			x
€15 bottle of champagne for wedding anniversary			x
€30 cake for employee at home			x
€50 cake to share in the workplace		x	
€20 chocolate gift for a new home	x		
€25 group gift for a wedding	x		
€20 fruit basket for an illness	x		
A €15 candy jar for the workplace	x		
Gift voucher (any value) for Christmas or New Year			x
Gym at work		x	
Gym subscription			x

2. Business gifts

Both existing and potential business partners deserve the **same level of attention and appreciation** you give to your employees. But sometimes words aren't enough to express how important they are to you. That's what makes a business gift the perfect solution. But remember that there are so many different types of gifts. So think carefully about the **message** you want to send, then choose the **most appropriate gift**.

General tax rule:

According to Dutch tax rules, a business gift is occasional, unreciprocated and for an existing relationship. Gifts to attract new customers therefore simply fall under business expenses and are fully deductible.



max
€227



→ VAT 100% deductible

2.1 VAT

The VAT on business gifts can be deducted for gifts **up to a value of €227 (ex. VAT)**. This amount is per recipient and per year.

Note: if you give gifts to several people within the same company, the **total value** of these gifts may not exceed this limit.

If you give a business gift with a **value higher than €227**, the tax authorities consider the following conditions to determine deductibility:

- If the recipient of the gift bought it themselves, and could have deducted less than 30% of the VAT, the VAT is not deductible.
→ Example: if the recipient is a private individual, the VAT is not deductible.
- If the business gift serves a commercial purpose for the recipient.
→ Example: if you give a plumber a surfboard, this gift serves no commercial purpose.

Note:

The VAT is 100% deductible if your gift serves a commercial purpose and the recipient can deduct more than 30% of the VAT if they bought it themselves.

Important: Do you receive **a personal contribution** for corporate gifts from your business partners? Up until the end of 2023, you could deduct this personal contribution (excluding VAT) from your expenses. If the expenses fell below the Deduction Exclusion Decree (BUA) threshold amount, you were allowed to deduct the VAT on the expenses. The [Decree sales tax calculation method for the BUA threshold](#) amount states that this is no longer allowed from 1 January 2024. From that date, when calculating whether the BUA threshold amount has been exceeded, you may no longer deduct the personal contribution from your expenses. Total expenditure must then be assessed against the threshold amount.

2.2 Income tax

For income tax purposes, business gifts fall under '**representation costs**'. These are part of the mixed costs category, which means they are only partly deductible. The costs for business gifts are **80% deductible** and the remaining 20% of the amount is added to the profit again at the end of the financial year.

In 2024, mixed costs are not deductible from profits up to a fixed amount of €5,600 (2023: €5,100 / 2022 €4,800). You can also choose not to deduct 20% of the expenses and therefore not to opt for the fixed amount.

2.3 Corporate tax

For corporate tax, things work slightly differently. A company subject to corporate tax may not deduct up to €5,600 of mixed costs from its profits. Or 0.4% of the company's total wage bill, whichever is higher.

There is also an alternative corporate tax arrangement that allows companies to as standard deduct only 73.5% of mixed costs, and therefore 26.5% are non-deductible.

3. Gifts

3.1 Physical gifts

Build **better relationships** with beautiful gifts for any occasion. Would your business partner/ employee prefer fragrant flowers, delicious chocolate or a sharing basket? You know best what to choose.

Score some extra points by **personalising** your gift or its packaging. This way the lucky recipient will never forget who the gift was from. You can also add a message to thank, congratulate or give your employee or business partner a bit of a boost – turning it into a **unique gift**.



3.2 Gift cards

Trying to find a **personal gift** for everyone often seems like an impossible task. But it can be done. More and more companies are turning to **gift cards** that the employees or business partners can use to **choose** their own gift from a range of participating retailers. Gift cards also come with another benefit: they aren't subject to **VAT**. For this reason, and the fact that employees get to choose for themselves, gift cards are becoming more and more popular each year.

A lot of retailers offer gift cards. The downside is that gift cards often have a **limited validity** and, as the giver, you are again choosing the gift on behalf of the recipient. To avoid that, consider using providers like Giftcards.nl, Primera and Kadonation.

These companies offer gift cards redeemable at a **range of affiliated partners** so that every employee or business partner has plenty of choice when it comes to spending their gift card. This way, the recipient can choose the gift they really want.

Survey

So what is the **ideal staff gift** then? That's what we asked 2,000 employees.

Keen to know the **results**?

Discover them [here](#).

 **kadonation**



3.3 Kadonation Gifts

At Kadonation, we even take it a few steps further. Firstly, we offer a range of physical gifts: brownies, drinks, flowers, cake, gift baskets... There's something for everyone.



Secondly, we also have the **Kadonation Gift Card** that can be **combined** and **split**, and is redeemable at over 90 popular shops (such as Bol.com, Rituals, Coolblue, Zalando, HEMA, Dille & Kamille & Decathlon ...) and charities.



The gift voucher can also be completely **customised** with the recipient's name, a **personal message** and your company **logo** or other **branding**. Our physical gifts can also be **personalised** with a logo and/or a personal message.

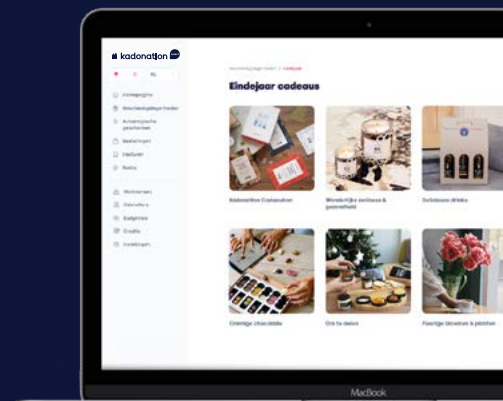
On top of that, we offer the ultimate choice concept: **Kadonation Smile**. The simplest way to give the freedom of choice. Together, we'll put together a range of gifts to match your budget. The recipient can then choose their dream gift on a gift website that is completely personalised with your logo, company colours and personal messages.

And of course, our gifts also meet all the conditions for you to get the most out of the **legal conditions** described in this white paper.

4. Kadonation Select

In addition to the Kadonation Gifts, we have also developed an **all-in-one gift platform** for people-focused companies: Kadonation Select.

With our **intuitive platform**, it takes you just minutes – not hours – to give hundreds of gifts. Boost your **sales & loyalty** by including everyone. Plus you can make life even easier by automating your gift and reward policies.



Discover Kadonation Select

Gifting at any scale, without the hassle.

One intuitive platform for all your corporate gifting,
with carefully curated, high-quality gifts.
Show your employees, customers and relations
recognition that hits the mark.

Discover **Kadonation Select**

If you have any questions after reading this white paper or would like to talk about the opportunities Kadonation can offer, please feel free to contact one of our members of staff. We're happy to help.

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