



## Tax Plan 2022 – Employment tax

On Tuesday 21 September 2021, the Dutch government sent the legislative proposals to the Dutch parliament. In this news flash, we inform you about the legislative proposals in the field of the employment taxes.

The Seventh progress letter ‘working as a self-employed person’ is not part of the legislative proposals. However, given the importance we would like to inform you about it as well.

### Introduction of specific exemption for working-from-home allowance

If an employee incurs general costs for working from home, the employer is currently usually unable to reimburse these costs free from tax (or only up to the amount of available discretionary budget of the employment cost regulation). This can lead to unbalanced outcomes. For this reason, the government proposes a specific exemption for a working-from-home allowance of a maximum of € 2 per homeworking day.

It is possible to provide the tax-free working-from-home allowance in the form of a fixed allowance. The same system applies to fixed travel allowances. This means that an employee who works from home for at least 128 days per calendar year can receive a fixed tax-free working-from-home allowance based on 214 working days from home. If the employee works part of the day from home and the employee travels to work later that day (or vice versa), the employer must make a choice between the tax-free working-from-home allowance and the free-of-tax travel allowance.

For situations in which part of the time the employee structurally works from home and part of the time from the employer’s workplace, the proposal provides for a confluence of the fixed working-from-home allowance and the fixed travel allowance. In such cases, both fixed allowances can be applied in proportion to the agreed ratio between working from home and work from the employer’s workplace. If an employee lives 6 kilometres or more from the workplace, the fixed tax-free working-from-home allowance is lower than the fixed tax-free travel allowance.

## Legal basis for extension discretionary budget employment cost regulation due to Covid-19

The discretionary budget for the employment cost regulation has been increased in 2020 and 2021 due to COVID-19. The discretionary budget was increased to 3% over the first € 400,000 of the total annual wages. For the excess, the discretionary budget remained 1.2% (2020) and 1.18% (2021) of the total annual wages. The expansion of the discretionary budget in 2021 has been arranged by means of an approving decision of the State Secretary. The Tax Plan 2022 now provides the legal basis for this extension with retroactive effect. For the calendar year 2022, the discretionary budget amounts to 1.7% over the first € 400,000 of the total annual wages and 1.18% over the excess.

## Adjustment of cap in the notional addition for emission-free cars

For emission-free cars, a reduced notional addition applies. The reduced addition percentage applies up to a certain limit, above which the regular notional addition percentage of 22% applies. The government proposes to reduce the cap for the reduced notional addition percentage to € 35,000 for cars that will be registered in 2022. If an employer makes a new emission-free car available to an employee in 2022 and the car is also used for private purposes, this means that the addition therefore amounts to 16% over the first € 35,000 of the catalogue value of the car and 22% over the excess. For cars registered in 2023, that limit will be further reduced to € 30,000. The cap for the reduced notional addition percentage does not apply to hydrogen and solar cell cars.

## Adjustment of the tax regime for stock options

Stock options agreed by an employer and employee are taxed upon exercise of the stock option. This also applies if upon exercise a share is obtained that is not freely tradable. The government proposes to postpone the moment of taxation, if desired, to the moment when the shares acquired upon exercise can be traded freely. This makes it more attractive to provide stock options on shares that are not freely tradable. If the tradability of the shares acquired on the exercise is contractually limited and there is a stock exchange listing, the taxation will take place no later than 5 years after the stock exchange listing or – if earlier – at the time of the expiration of the contractual limitation of the tradability of the shares. If desired, it can be chosen to tax the taxable benefit arising from the not freely tradable share upon exercise. The moment of taxation for options for tradable shares (such as listed shares) does not change.

## Seventh progress letter ‘working as a self-employed person’

In addition to the above proposals, we would like to draw your attention to the Seventh progress letter ‘working as a self-employed person’, which was published on 20 September 2021. The letter reports on the pilot of the ‘Webmodule Assessment of Employment Relationship’ and the results of the broad social conversation. The Enforcement Moratorium is also discussed, among other things. It comes down to the fact that the outgoing ministers Koolmees and Vrijlief pass on the subject, as well as the continuation of the Enforcement Moratorium, to the new cabinet.

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