

## Tax incentives encouraging employees to cycle to work

The use of bicycle mileage allowance encourages employees to cycle to work. The benefits of cycling to work include improved employee health, fewer sick days and increased productivity. It also insulates businesses from disruptions caused by congestion and public transport problems – and has been proven to reduce stress levels amongst employees.

Belgium, the Netherlands and Great Britain have introduced a tax-free mileage allowance for bike commuters. These schemes and regulations are a European wide inspiration and something for all countries to consider implementing in their respective legislation.

- **In Belgium** companies and public organizations are entitled to pay their employees a [tax-free allowance](#) up to € 0.21 / km cycled / day (a total of up to 15 km / day) on their salaries.

In Belgium, the incentive is limited to € 3.15 / day (€ 0.21 \* 15 km / day). For a person who commutes 7.5 km one way, and who works 211 days a year, the incentive is limited to € 664.65 per year (€ 0.21 \* 15 km \* 211 days).

In 2010, the mileage allowances paid in Belgium for the use of bicycle when commuting accumulated a total of € 43.4 million. A total of 206,702,516 kilometres were cycled to work under the scheme in 2010, and 270,728 beneficiaries participated.

On this basis, the average incentive was € 160.3 a year per participating employee. On average, each beneficiary pedaled 763.3 kilometres per year. Using these calculations the average incentive was € 0.76 per day (€ 160.3 \* 211 days).

The system operates in such a way that the employer receives a tax refund for the payment of this wage supplement. This is a very popular way to encourage employees to cycle, as shown in the table below.

### Development of commuter cycling tax incentive in Belgium from 2006 to 2010

Fiscal year	Beneficiaries	Total incentives
2006	140 636	€ 21 683 357
2007	162 203	€ 24 937 523
2008	208 750	€ 31 501 080
2009	241 242	€ 36 212 808
2010	270 728	€ 43 407 528

*Source: Ministry of Finance, Belgium*

- **The Netherlands** has a similar incentive. Employers can pay a tax-free mileage allowance for bike commuters of up to € 0.15 / km cycled / day.
- **Great Britain** has a corresponding incentive. The employer may pay a tax-free mileage allowance for bike commuters of up to £ 0.20 / miles cycled / day