



Laga Newsflash

Special tax and social security treatment for presents under the employer's Christmas tree

"It's the most wonderful time of the year" for people who like (giving and receiving) presents. St. Nicholas is busy rewarding good children with presents, while Christmas and New Year are fast approaching.

Within the context of the festive season, some employers like to reward (the children of) their employees with a present. Such presents can be added gifts for both employer and employee, as they are exempt from social security contributions and fully tax deductible under certain conditions.

Presents for St. Nicholas, Christmas or New Year are not subject to social security contributions if the total value of these presents does not exceed EUR 40 per employee, per year. This amount is increased by EUR 40 per (dependent) child per year. Since 1 January 2018, tax authorities accept the same amount as tax deductible.

Employers should be aware that the above-mentioned upper limits apply to the total collective value of all presents across these three specific occasions, and not per individual present. Thus, if the employer spends the maximum amount on a present for St. Nicholas, it will not be possible to grant another Christmas or New Year gift with the same beneficial tax and social security treatment in the same year.

Furthermore, tax and social security authorities will not verify the amount per employee, but will check whether the employer's gift policy does comply with these conditions.

If the employer's policy is not compliant, social security contributions are due on all presents. The presents will also not be tax deductible.

The Employment, pensions and benefits team is readily available to assist companies in setting up a compliant gift policy, not only for the holiday period but also for other celebratory occasions (e.g. retirement, jubilees, etc.).

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