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REPEAL OF THE JOB-RELATED INVESTMENT ALLOWANCE (BIK)

On 28 May 2021, the State Secretary for Finance announced that the job-related investment allowance that came into force on 1 January 2021 will be repealed with retroactive effect. The BIK budget for 2021 will be allocated to the business sector in a different way.

State aid

In 2020, the European Commission was asked whether the BIK constitutes a form of so-called prohibited state aid. Informal discussions with the Commission showed that a negative answer to this question could not be guaranteed. If it subsequently transpires that prohibited state support has been received, the amounts received must be repaid by the entrepreneur.

Uncertainty

In order to end this uncertainty and provide clarity to Dutch businesses, it is proposed to repeal the BIK with retroactive effect as of 1 January 2021. This will require a legislative amendment. We understand that this legislative amendment has already been submitted for approval to the Council of State.

Allocation of BIK budget 2021

To continue supporting Dutch entrepreneurs in these difficult times, it is proposed to use the BIK budget for a reduction in the employers' AWf (General Unemployment Fund) contributions in 2021. Such a reduction would allow the government to remain close to the original purpose of the BIK. The reduction in AWf results in a reduction of the wage costs and improves a company's liquidity and solvency. In doing so, the government expects that the scope for investment (or the ability to attract external financing) will increase.

The aim is to reduce the contributions as of 1 August 2021. This will be outlined in more detail by ministerial regulation.

More information?

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