

Tax treatment of Fitness Subsidies in Selected European Countries

			Austria	France	Germany	Italy
A.		Value Added Tax (VAT)				
1.		How much is the VAT rate in general?	20%	19.60%	16.00%	20%
2.	a)	How much is the VAT rate for fitness/equipment area?	20%	19.60%	16.00%	20%
	b)	In case a reduced VAT rate applies, are there any special requirements?	n/a	n/a	n/a	n/a
	c)	If yes: which?	n/a	n/a	n/a	n/a
3.	a)	How much is the VAT rate for pool/sauna area?	20%	19.60%	7.00%	20%
	b)	In case a reduced VAT rate applies, are there any special requirements?	n/a	n/a	yes	n/a
	c)	If yes: which?	n/a	n/a	Pool: A factual separation of the pool area is necessary. Otherwise the pool area is also automatically subject to VAT of 16%. Sauna: The usage of the sauna area must be within the scope of a medical therapy. Thus pool/sauna areas in fitness clubs regularly are excluded from a reduced VAT rate.	n/a
4.		Please also inform us about recent or upcoming changes with regard to the VAT treatment of fitness club services.	n/a	n/a	increase of general VAT rate to 19% from January 1, 2007	n/a
B.		Employer's Subsidies				
1.	a)	Are subsidies for fitness club memberships paid by the employer to his employee tax deductible for the employer?	yes	yes	yes	no
	b)	Are these subsidies subject to wage tax?	yes	yes	yes	yes
	c)	If yes: how? (e.g. individual taxation, lump-sum taxation etc.)	individual taxation	individual taxation	individual taxation	individual taxation

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2.	a)	Are subsidies for fitness club memberships paid by the employer directly <u>to a fitness club</u> tax deductible for the employer? Note that the subsidies are attributable to specific employees.	yes	yes	yes	no
	b)	Are these subsidies subject to wage tax?	yes	yes	empt threshold of € 44 per employ	yes
	c)	If yes: how? (e.g. individual taxation, lump-sum taxation etc.)	individual taxation	individual taxation	individual taxation	individual taxation
3.	a)	Are subsidies for fitness club programs paid by the employer directly <u>to a fitness club</u> tax deductible for the employer? Note that the subsidies are NOT attributable to specific employees, but are meant for e.g special training courses the employees can attend (special training for the back etc.).	Basically not tax deductible for the employer, except for subsidies which can be qualified as operating expenditure for business purposes. 1)	yes	yes 2)	yes, but special conditions 1)
	b)	Are these subsidies subject to wage tax?	n/a as not attributable	yes 1)	no	no, if tax deductible for employer (see 3. a) above)
	c)	If yes: how? (e.g. individual taxation, lump-sum taxation etc.)	n/a	Individual taxation	n/a	n/a
4.	a)	Are the costs of an employer to run his own fitness centre / fitness area / gym within or separate from the employer's premises tax deductible for the employer? Please note that the fitness area can only be used by his employees.	Basically not tax deductible for the employer, except for subsidies which can be qualified as operating expenditure for business purposes.	yes 2)	yes	yes, but special conditions 1)
	b)	Is the usage of the fitness area by the employee subject to wage tax, if - the usage is free of charge?	no 2)	yes	yes, but monthly tax-exempt threshold of € 44 per employee for benefits in kind 1)	no, if tax deductible for employer (see 4. a) above)

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		- the employee has to pay a fee that is lower than the fair market fee?	no ²⁾	yes	yes, difference between the fee paid and the fair market fee, but monthly tax-exempt threshold of € 44 per employee for benefits in kind ¹⁾	no, if tax deductible for employer (see 4. a) above)
	c)	If yes: how? (e.g. individual taxation, lump-sum taxation etc.)	n/a	individual taxation	individual taxation	n/a

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C.		Subsidies of Health Insurance Companies				
	1.	a) Are subsidies for fitness club memberships paid by a health insurance company directly to its members / insured persons tax deductible for the health insurance company? (E.g. to visit health improving or health preservation training courses)	yes, if subsidies can be defined as operating expenditure	yes	yes	yes
		b) Is there any tax impact for the insured person?	no	no	no	no
		c) If yes: what impact?	no	n/a	n/a	n/a
	2.	a) Are subsidies for fitness club programs paid by a health insurance company directly to a fitness club tax deductible for the health insurance company? Note that the subsidies are NOT attributable to specific members, but are meant for e.g special training courses the members can attend (e.g. to visit health improving or health preservation training courses).	yes, if subsidies can be defined as operating expenditure	yes	yes	yes
		b) Is there any tax impact for the members?	n/a as not attributable	no	no	no
		c) If yes: what impact?	n/a	n/a	n/a	n/a
D.		Personal Income Tax				
	1.	a) Can fitness club membership fees or special training courses fees borne by the individual be considered for personal income tax purposes?	no	no	(healing and abatement of a disease)	yes, but only for medical and rehabilitation reasons
		b) If yes: how?	n/a	n/a	le as extraordinary personal expense	individual may deduct 19% of the fees paid for the amount exceeding € 129,11

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Notes:						
			1) Please note that input VAT deduction in the full amount is applicable. However, a taxation of self supply also applies provided the expenses do not qualify as business expenditure.	1) estimated amount	1) ALL benefits in kind per month together must not exceed threshold of € 44, otherwise total amount of benefits in kind is taxable	1) Tax deductible under the condition that said subsidy has been voluntarily paid by the employer on the basis of a specific agreement with the fitness centre, and with reference to all employees or to certain class/level of employees. Furthermore, the deductibility for the employer is limited to 0,5% of the amount of the labour costs resulting from the annual tax return
			2) A tax exemption applies in case the premises where the fitness centre is located are owned or rented by the employer.	2) Subsidies may be paid to Workers Council Committee which it may use to subsidize access to fitness areas etc. In that case, the wage taxes treatment is optimised for the employees as well as for the employer.	2) In Germany this point has no practical relevance	

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			<p>3) In case the subsidies for fitness club memberships can be defined as operating expenditure according to the Austrian Income Tax Act they are tax deductible. Definition: costs which are caused by the business of the entrepreneur. This is the case if: the costs are in an objective connection with the business activities, the costs are clearly determined to serve for business purposes or have to be borne by the tax payer involuntarily, and if the costs are not subject to a prohibition of the Income Tax Act.</p>		<p>3) amount of deduction depends on personal income situation</p>	

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Speaker notes:							
A.	2.	a)	Only The Netherlands and Spain have a reduced VAT rate for the fitness/equipment area services. Both countries do not have any specific requirements to apply the reduced rates.				
A.	3.	a)	Only Germany, The Netherlands and Spain have a reduced VAT rate, Spain for the swimminpool only. The Netherlands and Spain have NO special requirements to apply the reduced rates.				
B.	1.	a)	Only in Italy subsidies expensed by an employer are NOT deductible.				
D.	1.		Only in Germany, Italy and the Netherlands fitness club fees can be considered within the individual's personal income tax under certain conditions.				

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The Netherlands	Spain	Switzerland	United Kingdom
19%	16.00%	7.60%	17.50%
6%	7.00%	7.60%	17.50%
no	no	n/a	n/a
n/a	n/a		n/a
6%	Swimming pool: 7%; Sauna: 16%	7.60%	17.50%
no	no	n/a	n/a
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
yes	yes 1)	yes	yes
yes 1)	yes	yes	yes
individual taxation	Individual taxation	individual taxation	Individual taxation

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The Netherlands	Spain	Switzerland	United Kingdom
yes	yes 1)	yes	yes
yes 1)	yes	yes	yes
individual taxation	Individual taxation	individual taxation	individual taxation
yes	yes 2)	yes	yes
yes 1)	yes, regarded as higher salary, not in other cases 3)	no	yes
lump-sum taxation	individual taxation	n/a	individual taxation
yes	yes 1)	yes	yes
yes 1)	in accordance to general pr	no, if not attributable	no

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The Netherlands	Spain	Switzerland	United Kingdom
yes 1)	in accordance to general pr	no	no
individual taxation	Individual taxation	n/a	n/a

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The Netherlands	Spain	Switzerland	United Kingdom
yes	yes	yes	yes
no	no	no	no
n/a	n/a	n/a	n/a
yes	yes	yes	yes
no	no	no	no
n/a	n/a	n/a	n/a
yes, based on a doctor's advice	no	no	no
special training courses based on a doctor's advice can be deductible, but high threshold for deduction	n/a	n/a	n/a

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The Netherlands	Spain	Switzerland	United Kingdom
<p>1) NOT subject to wage tax if</p> <ol style="list-style-type: none"> 1. the fitness is organised or initiated by the employer; and 2. the fitness occurs under surveillance of an expert; and 3. at least 90% of the fitness takes place during office hours; and 4. at least 90% of the employees have the possibility to participate. <p>At this moment, a change in Dutch wage tax legislation has been proposed. As of January 1, 2007 the third condition will no longer be applicable, but fitness should take place at the office or another fixed location (not being at home). Please note that this bill has not passed parliament yet, and therefore this amendment is still subject to discussion.</p>	<p>1) provided that they are considered as a higher salary and not as a gift for the employee</p>		
	<p>2) if professional training courses or higher salary but not a gift</p>		

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The Netherlands	Spain	Switzerland	United Kingdom
	<p>3) not subject to wage tax if regarded as professional training course or gift</p>		

