

## TRAVEL INSURANCE FOR EMPLOYEE IS NOT SUBJECT TO PIT

We would like to alert you to a taxpayer-friendly judgement of the Supreme Administrative Court ("SAC") dated 30 January 2015 (case no. II FSK 3295/12) where it was held that the payment by an employer for travel insurance for his employee who is on a foreign business trip does generate employment income for PIT Act purposes.

The case before SAC involved a company which takes out an insurance policy for its employees covering medical expenses and accidents solely while the employees are on business trips.

SAC gave verbal reasons for its judgement, indicating that:

- the policy is actually purchased in the interests of the employer because it protects him against expenses he would otherwise have to incur pursuant to the business travel regulation of the Minister of Labour and Social Policy;
- in effect, the employees covered by such insurance do not earn taxable employment income by reason of this coverage.

If this issue pertains to your business and you are interested in our assistance, please contact your WTS&SAJA consultant or our office.

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