

Benefit in kind for company car increases in 2015

One of the element to calculate the benefit in kind for company cars is the CO₂-emission. The CO₂-emission is calculated in function of the reference emission. A higher CO₂-emission refers to a less clean car and a higher benefit in kind. The reference emission is laid down every year in a Royal Decree. Also for 2015 the reference emission somewhat decreases, and as a consequence the CO₂-percentage increases and the benefit in kind becomes more expensive.

Reminder: the formula

The benefit in kind is calculated based on the following formula:

List price x CO₂-percentage x 6/7 x age factor.

The CO₂-percentage and the reference emission

The CO₂-base percentage of 5,5% is linked to the reference emission. The more polluting the vehicle compared with the reference emission, the percentage increases; the less polluting, the percentage decreases.

This reference emission is expressed in grams per kilometer and is annually determined by Royal Decree. By doing so the Government can take into account that cars are becoming more environmentally friendly, by decreasing the reference emission.

Per gram supplementary CO₂-emission, the base percentage will increase with 0,1%.

So the lower the reference emission is determined, the higher the chance that your company car actually emits more: consequently the CO₂-percentage in the formula will increase and your car will be more expensive.

The reference emission for 2015

As from 1 January 2015 the following reference emission applies:

- for diesel cars: 91 gr/km (for 2014: 93 gr/km)
- for petrol, LPG and natural gas: 110 gr/km (in 2014: 112gr/km).

How much more expensive will my car be in 2015?

We can best explain the impact on your car by means of an example. A new car of 40.000€, petrol engine and an emission of 125 gr/km.

For 2014 the CO₂-percentage is: 5,5% + 1,3% (because of 13 grams more emission than the reference emission of 112 gr/km) = 6,8%.

The benefit in kind will then be $40.000 \times 6,8 \times 6/7 \times 100\% = 2.331,43\text{€}$.

In 2015 the CO₂-percentage is: 5,5% + 1,5% (because of 15 grams more emission than the

reference emission for 2015 of 110 gr/km) = 7,0%.

The benefit in kind now amounts to $40.000 \times 7,0\% \times 6/7 \times 100\% = 2.400,00\text{€}$.

If we do not take the age factor into consideration (so we reason again from a new car, same model, same emission) the car will cost you this year almost 70€ extra. So you will pay 3% more than last year. On average everyone driving a company car also for private purposes will pay 2,5% up to 5% more in 2015.

Since meanwhile the car is a year older, you can apply the age correction factor. This amounts to 6% per year. If we take this into consideration, the benefit in kind for 2015 amounts to $40.000 \times 6,8\% \times 6/7 \times 94 = 2.256,00\text{€}$.

Note

If you already had the highest possible benefit in kind with your car (petrol car with an emission of more than 237 gr/km or diesel car with an emission of more than 218 gr/km), you will not pay more.