

On company cars and fuel cards: new rules will cost companies money

Up to last year, companies providing their staff with a company car should report 17% of the amount as disallowed expenses. As from 2017 40% of the amount will have to be reported as disallowed expenses, when the company pays all or a part of the fuel costs, e.g. in case the employee/director receives a company car and a fuel card. This new rules has been introduced by the Program Law of 25 December 2016.

Company car as a benefit in kind

Employees and directors which receive a company car, obtain a taxable benefit in kind. The value of this benefit is calculated following a specific formula: catalog value x age correction x CO2 percentage x 6/7. In case the employee receives a fuel card, the calculation remains the same. The advantage of the fuel card is included in the benefit in kind of the car as a whole.

There is however an impact for the employer: he should report 17% of the benefit in kind for the car as disallowed expenses.

As from 2017: 40% of the benefit in kind as disallowed expenses

New is that as from 2017 the company will have to report 40% of the benefit in kind as disallowed expenses when it fully or partly pays the fuel costs. This can be done e.g. by giving a fuel card to the employee or director. But this is also the case when the employer reimburses fuel costs through expense notes.

Own contribution not taken into consideration

There is another important change for the company, irrespective whether a fuel card is included or not.

The 17% or 40% of the benefit in kind which has to be reported as disallowed expenses will from now on be calculated on the full value of the benefit in kind. The own contribution of the employee or director cannot be deducted.

For the employees however nothing changes.

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