

## Benefit in kind for a house: factor 2 instead of 3,8

The way the value of the free use of a house for an employee or director is calculated, is under discussion for quite some time. The government now announced to adapt the rules. The value is calculated with the new formula:  $KI \times 100/60 \times 2$ .

### The inequality ...

Until recently the lump sum benefit in kind for the free use of a house was calculated in different ways:

- House put at the disposal by a private individual: cadastral income of the house x 100/60;
- House with a KI lower than 745 euro put at the disposal by a company:  $KI \times 100/60 \times 1,25$ ;
- House with a KI higher than 745 euro put at the disposal by a company:  $KI \times 100/60 \times 3,8$ .

In other words, there was an important inequality in the lump sum valuation of the private use: a house put at the disposal by a company was up to 4 times as expensive. This inequality has been discussed at multiple occasions by doctrine and case law.

### ... has been cleared away

The minister of Finance and the tax authorities have accepted this view and have announced to change the rules. And the minister kept his word. The formula is retained, but the factor 3,8 is replaced by the factor 2:

$$KI \text{ house} \times 100/60 \times 2$$

This formula applies to all valuations irrespective who puts the house at the disposal. Whether the house is put at the disposal by a legal body or a private individual is no longer relevant.

The new formula will be applied to all houses put at the disposal as from 1 January 2019.