What is the taxable benefit for private use of a company car ?

If your remuneration package includes a **company car**, or if you are a business owner and have a car registered in your company's name, this will automatically trigger a **benefit in kind** if the car is **also used privately**. The **taxable value of the benefit** is calculated on a lump-sum annual basis and a pre-set formula, irrespective of the number of private kilometres. The **formula** used is the following:

catalogue price × 6/7 × CO_2 percentage × car age factor

The taxable benefit is calculated by multiplying a **CO_2 coefficient** by **6/7** of the car's **catalogue price**. Subsequently, this amount is further decreased depending on the age of the car. Therefore, the initial purchase price and how polluting and how old the car is will **together determine** on what benefit you will annually pay taxes.

As soon as the car has been registered for **more than 12 months**, the catalogue price will be **reduced by 6% per year**, with a maximum of 30%. In other words, if a car is **older than 5 years**, the catalogue price to include in the above formula will be **reduced to a maximum of 70%.**

In respect to the **catalogue price**, it should be noted that this does not represent the price you actually paid for the car (especially not if it is a second-hand or leased vehicle), but the **listed catalogue price of a new car** (incl. options and VAT, but excl. car dealer discounts).

The **CO_2 emissions and the fuel type** of the company car will also impact the benefit in kind. The basic coefficient is **5.5%,** which corresponds to CO_2 emissions of **91 g/km for petrol, LPG, or natural gas** cars (tax year 2023) and **75 g/km for diesel** cars (tax year 2023). These coefficients are adjusted every year. If your car's CO_2 emissions are higher, the basic rate will be **increased** by 0.1% per additional gramme of CO_2/km (to a maximum of 18%) and will be **decreased** by the same 0.1% if its CO_2 emissions are lower (to a minimum of 4%). The minimum taxable benefit in kind for a company car is currently set at **€1,400.00 per year** (2022), which applies, for example, to **electric** cars.

The taxable benefit will normally be included in your **monthly salary calculation** and subject to both **income tax and social security contributions**. You could further reduce the taxable value of the benefit, by paying a **personal contribution** to the employer for the private use of the car.

If the company also makes a **fuel card** available, this will not have any impact on your personal income taxes or social security. The taxable benefit in kind for you is **the same with or without** a fuel card. Instead, this will only have consequences at **a corporate tax level**, but not for the employee or the company director personally.

TAXPATRIA® can assist with reviewing your **company car policy** and **tax-friendly remuneration package** for your employees and executives.

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