

Corporate tax alert Belgium

Finance Minister issues press release on company car expenses



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On Friday 23 May 2014, Finance Minister Koen Geens issued a press release in which he clarifies his viewpoint on the administrative tolerance vis-à-vis company car expenses.

Initial position

In a response dated 24 April 2014 to a parliamentary question requesting a clarification on how the disallowed car expenses need to be calculated, the Finance Minister's response differentiated costs made or incurred before 1 January 2012 from those made or incurred after:

Costs before 1 January 2012

Through an administrative tolerance, no restriction on the tax deductibility of car expenses applies on the part of said expenses that relate to the company car's private use where the corresponding benefit in kind is taxable; to that extent, the administration considers the costs as salary costs and not as car costs.

However, when the company car's beneficiary pays a personal contribution which is at least equal to the taxable benefit in kind, the costs retain their car cost character and the restrictions on the car costs deduction fully apply; the Minister adds that "this is in line with the decision of the Antwerp Court of Appeal's 24 November 2009 decision, although the same court decided to the contrary on 17 May 2011".

In case the personal contribution is lower than the taxable benefit in kind, the company car costs are not subject to any restrictions for the portion relating to the private use for which a taxable benefit in kind is reported.

Costs after 1 January 2012

For these costs, the Finance Minister stated that, according to his administration, the administrative tolerance can no longer apply following the new calculation method of the company car benefit.

The Minister's press release

In his 23 May 2014 press release, Geens states that he disagrees with the above administrative position and that he has instructed the authorities to modify their point of view. This means that the above mentioned administrative tolerance will remain applicable.

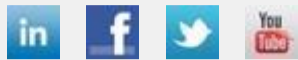
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