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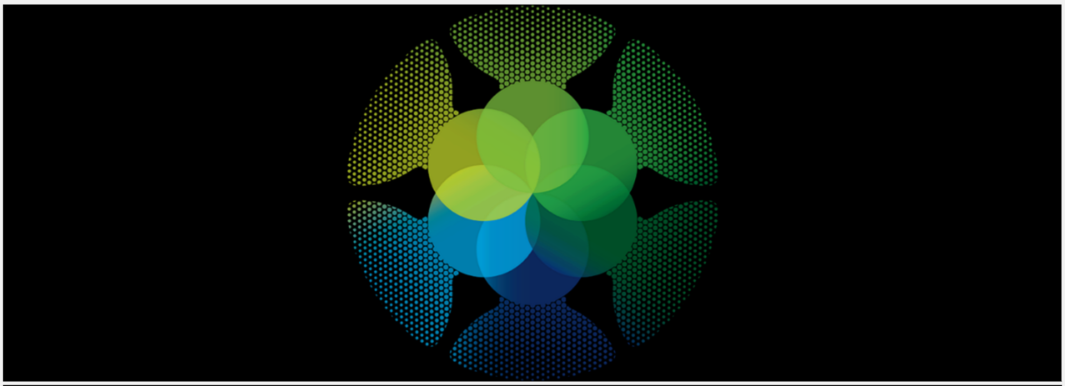

Global Employer Services

Tax regime company cars

Bill on “greenification” of mobility submitted to parliament

The long anticipated bill on the “greenification” of mobility in Belgium, designed to encourage environmentally friendly travel, was submitted to the Belgian parliament (Dutch | French) on 14 September 2021 for approval. The bill focusses on the greenification of company cars, and the introduction of incentives for investment in charging infrastructure and zero-emission lorries. Once adopted by the parliament and signed by the king, the law will be enacted via publication in the official gazette.

The expected update to the “mobility budget” legislation (governing the alternatives that employers may offer to employees entitled to a company car) has been removed from the current bill as the topic is still subject to further discussion by the social partners. The existing mobility budget legislation will therefore be updated via a separate law.

This alert summarises the key measures contained in the bill.

Fossil fuel and hybrid company cars

For **fossil fuel or hybrid cars acquired, leased, or rented before 1 July 2023**, the current tax deductibility rules will continue to apply (“grandfathering regime”).

The corporate tax deduction (i.e., depreciation or rental payments) for **fossil fuel or hybrid cars acquired, leased, or rented between 1 July 2023 and 31 December 2025** will be progressively reduced as follows:

Date car acquired, leased, or rented:	Maximum deduction	Minimum deduction
As from 1 July 2023	100%	50%(*)

As from 1 January 2025	75%	50%(*)
As from 1 January 2026	50%	0%
As from 1 January 2027	25%	0%
As from 1 January 2028	0%	0%

(*)40% for vehicles with CO_2 emission of 40% or more

For type 2 and 3 entities subject to legal entities tax, an amount equivalent to the disallowed element of the costs of fossil fuel cars or hybrids acquired, leased, or rented **as from 1 January 2026** would be included in the taxable base for legal entities tax purposes.

Zero-emission company cars

As from 2026, only the costs associated with company cars with zero carbon emissions will be 100% deductible. However, this deductibility will be gradually decreased from 2027 as follows:

Date zero-emission car acquired, leased, or rented	% deduction
Before 2027	100%
In 2027	95%
In 2028	90%
In 2029	82.5%
In 2030	75%
In 2031	67.5%

For zero-emission company cars acquired, leased, or rented **as at 1 January 2026** by type 2 and 3 entities subject to legal entities tax, a percentage of the car costs equal to the reduction in the tax deductibility would be included in the taxable base for legal entities tax purposes, as follows:

Date zero-emission car acquired, leased, or rented	Taxable % of car cost
In 2027	5%
In 2028	10%
In 2029	17.5%
In 2030	25%
In 2031	32.5%

Fuel

For fossil fuel company cars, the tax deductibility of fuel costs would follow the tax deductibility for costs associated with **fossil fuel company cars** (see above).

For hybrid cars purchased, leased, or rented as at 1 January 2023, only maximum 50% of the fossil fuel costs would be tax deductible after that date and as from 2026, fossil fuel costs no longer would be tax deductible.

Charging stations

As from 1 September 2021, an **increased corporate tax deduction** (i.e., enhanced depreciation) would be available in respect of new investments in publicly accessible charging stations as follows:

- 200% of the cost for investments made between 1 September 2021 and 31 December 2022; and
- 150% of the cost for investments made between 1 January 2023 and 31 August 2024.

As from 1 September 2021, individuals who privately bear the cost of the acquisition, installation, and formal approval of a new charging station would be **entitled to a tax credit** for a percentage of the cost against their tax payable, as follows:

2021 and 2022	45%
2023	30%
2024	15%

The amount of the initial expenditure in respect of which a tax credit can be granted would be limited to EUR 1,500 per charging point and per taxpayer.

As from 1 January 2027 until 31 December 2029, expenses related to acquired, leased, or rented charging stations for electric company cars would remain 100% tax deductible. This percentage would be reduced to 75% as from 1 January 2030.

Other topics

Employer solidarity contribution (CO_2 tax): For fossil fuel and hybrid company cars that can also be used for private and/or commuting purposes, the CO_2 tax would gradually be increased. The rates would be multiplied as follows:

As from 1 July 2023	2.25
As from 1 January 2025	2.75
As from 1 January 2026	4

Zero-emission lorries and electric charging infrastructure: As from 1 January 2023, an increased investment deduction would be available where certain conditions are met, with rates as follows:

2023	35%
2024	29.5%
2025	24%
2026	18.5%
2027	13.5%

Excise duties on electric charging at the office: From an excise duty perspective, the provision of electricity for the charging of electric vehicles at a charging station would qualify as consumption, rather than distribution. In practice, this means that businesses and organisations do not incur excise obligations as excises will be applied at the level of the energy supplier to the charging point.

Contacts

If you have any questions concerning the items in this alert, please contact your usual tax consultant at our Deloitte office in Belgium or:

- Timothy Bruneel, tbruneel@deloitte.com, +32 9 393 74 62

For general inquiries, please contact:
bedeloittetax@deloitte.com, + 32 2 600 60 00

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