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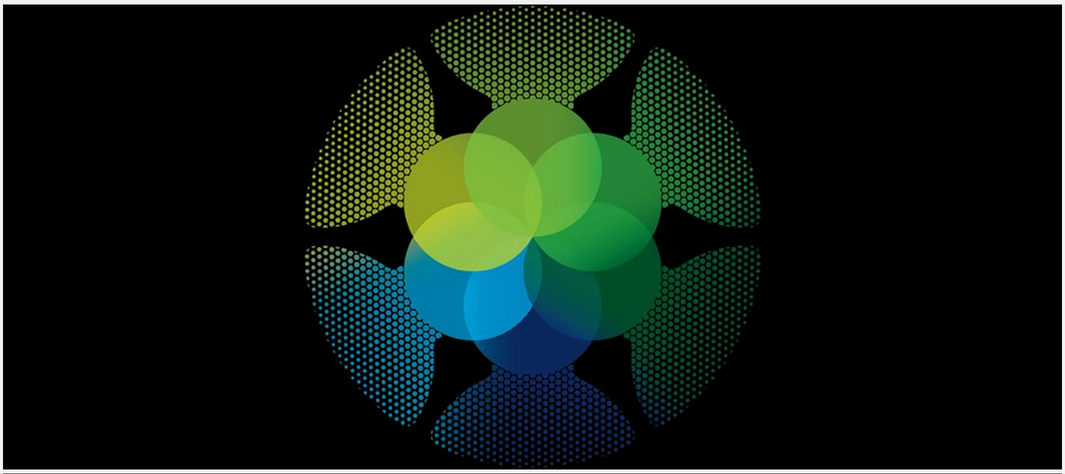

**Global Employer Services**
Individual tax

# Belgian parliament finally approves Mobility Budget measure

After a long legislative process, the Belgian federal parliament has finally approved the 'Mobility Budget', the long-awaited second alternative to company cars.

Although intentions behind the Mobility Budget's implementation are positive, bringing alternatives that are constructive for next steps, it remains to be seen whether these will convince a large(r) group of employees to shift from company cars to alternative mobility behaviour.

More information on the Mobility Budget and other legislative measures related to company cars and mobility can be found on the dedicated Urban Mobility website, which also includes a tool that provides a first indicative amount of what an individual's Mobility Budget would be.

What follows is a summary on the new Mobility Budget.

## What is the mobility budget?

All employees with a company car (or who are entitled to one) can opt for this regime if made available by their employer. Employees who obtained a company car as part of a salary sacrifice are explicitely excluded.

**Content**

The available Mobility Budget is based on the *Total Cost of Ownership* (TCO) of the company car. This TCO includes the gross costs on a yearly basis, i.e. leasing, financing and fuel costs, insurances, etc. but also includes non-deductible VAT.

Based on this TCO, the employee can allocate the available budget to three separate pillars.

*I. Environmentally friendly company car*

The employee is not obliged to forego a company car, but can opt to use the budget to select a more environmentally friendly vehicle, which needs to be either *electric* or plug-in *hybrid* with a battery capacity of at least 0,5 kWh/100 kg car weight, or if it is a *classic combustion engine,* have a maximum $CO_2$-emission of 105 g/km (for TY 2020; 100 g for TY 2021 and 95 g as from TY 2022).

This car is treated as any other company car for tax and social security purposes.

*II. Sustainable transportation*

The second pillar consists of all costs related to sustainable transportation. Examples are soft mobility options (bicycles, mopeds/scooters, steps, etc. with a maximum speed of 45 km/h), public transport, organised common transport, all types of shared transport (e.g. car sharing). The most remarkable of the sustainable transport solutions is the intervention in housing costs, which allows the budget to be used for rent or interests on mortgage loans if the employee lives within a 5 km radius (in bird's eye/map view) of his/her workplace.

This second pillar is completely tax exempt for employees; it is not subject to social security and is fully deductible for the employer.

*III. Cash allowance*

Part of the budget that remains will be paid in cash to the employee, subject to a special social security contribution of 38.07 % on an annual basis.

## Questions remain

Certainly, the practical implementation still leaves a number of questions to be answered.

- How do you manage the cost and usage of the Mobility Budget?
- Which providers will emerge in the market to support such multi-modal budget allocation, etc.?
- How will companies' car policies be adapted to accommodate the Mobility Budget (and Cash4Car)?
- How will the market evolve to deliver new cars with an emission below 105 g/km CO2 that are cheaper enough to leave a remaining amount that can be allocated to the second Pillar?

For these questions, reference is made to the document published on our website.

**Deloitte assistance**

As market leader in this area, the *Global Employer Services* team considered all of these obstacles and have developed practical solutions to guide employers in ensuring a smooth transition into the new mobility age.

If you would like more information on the subject matter, please do not hesitate to contact us directly (details below) and feel free to consult our Urban Mobility platform.

**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:


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