

Individual tax alert

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Finance Minister on company car policy and fuel card

The contribution paid by the employee to the employer to cover fuel costs is deductible from the lump-sum taxable benefit in kind when a company car is made available. Modifying the company car policy in order to implement such a system should in general not be considered as tax abuse in relation to article 344, §1 ITC.

As indicated earlier in the [FAQ of 1 October 2010](#), the tax authorities maintain that, if the employer provides an employee with the free use of a company car and an accompanying fuel card, any personal contributions made by the beneficiaries for the fuel costs can be off-set from the lump sum fringe benefit determined for the private use of the car.

On the other hand, where a company car is made available without a fuel card, the fuel costs incurred by the employee are not tax deductible, although the taxable benefit in kind remains the same.

A spoken question ([QP 19573](#), [COM 837](#), [CRIV 53](#)) was submitted asking the Finance Minister's opinion on the modification of a company car policy which would result in the fuel costs being first paid by the employer and subsequently cross-charged to the employee through a personal contribution.

The Minister confirmed on 22 October 2013 that in such a situation, the personal contribution can still be taken into account to lower the lump sum taxable fringe benefit and that article 344, §1 ITC (anti-abuse provision) should not be applicable (i.e. the car policy change is not considered as tax abuse).

The Finance Minister's response is in line with the earlier expressed general principles, where a contribution is tax deductible if the contribution is linked to a benefit being put at the employee's disposal (a company car and fuel card in this case).

Companies that would consider amending their company car policy in this respect (providing a fuel car and claiming the refund of the fuel cost) should pay attention to the VAT implications as well as the individual and collective employment law regulations with regard to a change in the remuneration policy (e.g. information and consultation of the works council, mutual agreement with all employees if no employee representation would exist).

Finally, with winter approaching, it should be noted that this position could also probably apply *mutatis mutandis* for winter tires (i.e. no increases in taxable fringe benefit for the company car and deduction of personal contribution paid by the employees).

Contact

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