

Luxembourg Tax Alert

Clarification of the calculation of company car's benefit in kinds

Two benefits in kind may arise from a company car:

- Benefit in kind in relation to the **private use** of a car, and
- **Capped** benefit in kind in relation to the **repurchase**, if any, of a company car at the end of the leasing under its market value.

In this respect, the cumulated reportable benefit in kind (BIK1 + BIK2) cannot exceed 100% of the acquisition price of the car (VAT and options included; discount and employee's participation(s) deducted).

Should the employee and the employer disagree on the value of the car upon its repurchase at the end of the leasing (as determined in accordance with the valuation table now included in the Circular), the Circular suggests that the employer calls for an independent expertise, in order to determine the benefit in kind which would have to be reported in the payroll, as the case may be.

This **new circular** takes into account recent case law (dated 25/09/2014) which resulted from a change in the practice of the tax authorities since 2011.

Should you have any questions or wish to discuss the implications of the new covenant on your business, please do not hesitate to contact us.

Your contacts

Raymond Krawczykowski

Partner Tax Leader
+352 45145 2500
rkrawczykowski@deloitte.lu

Pierre-Jean Estagerie

Partner | Global Employer Services
+352 45145 4940
pjestagerie@deloitte.lu

Xavier Martinez-Aldariz

Director | Global Employer Services
+352 45145 2132
xmartinezaldariz@deloitte.lu

Deloitte Luxembourg
560, rue de Neudorf
L-2220 Luxembourg

Tel: +352 451 451
Fax: +352 451 452 401
www.deloitte.lu

Deloitte is a multidisciplinary service organisation which is subject to certain regulatory and professional restrictions on the types of services we can provide to our clients, particularly where an audit relationship exists, as independence issues and other conflicts of interest may arise. Any services we commit to deliver to you will comply fully with applicable restrictions.

Due to the constant changes and amendments to Luxembourg legislation, Deloitte cannot assume any liability for the content of this leaflet. It shall only serve as general information and shall not replace the need to consult your Deloitte advisor.

About Deloitte Touche Tohmatsu Limited:

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/lu/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte provides audit, tax, consulting and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and deep local expertise to help clients succeed wherever they operate. Deloitte has in the region of 200,000 professionals, all committed to becoming the standard of excellence.

© 2014 Deloitte General Services

Designed and produced by MarCom at Deloitte Luxembourg