

By PwC Deutschland | 09. Januar 2011

Company car benefit when going to work confirmed

The Supreme Tax Court has reaffirmed its position that the taxable benefit from using a company car to go to work depends on the actual use of the car. By contrast it now has doubts on the provision of a chauffeur as a benefit.

In three cases decided on the same day, the Supreme Tax Court has reaffirmed its precedents to the effect that those opting to tax the private use of a company car at 1% per month of the list price when new, tax the benefit from using the car to go to work at 0.03% per month for each km of distance (one way), but only to the extent the car was actually used for that purpose. It did not therefore object to the lower court's estimate of 0.002% monthly for each one-way km for each day the employee went to work by car. This rate is the rate used to calculate the benefit from using a company car to return to one's main home at weekends when claiming double household relief. It corresponds to the 0.03% rate if the employee actual uses the car to go to work on 15 days each month - a not unreasonable assumption when allowing for working days not spent at the main place of employment (business trips, seminars, sick leave etc.).

By contrast, the court has shed doubt on its previous ruling to the effect that the provision of a driver by the employer is always a taxable benefit. It did not need to come to a definite view in the case before it, as, in the circumstances, the full benefit would have been fully deductible as a cost of earning income. Thus any adjustment would have been without effect on the tax due. However, this is now no longer the case and the court proposed a convincing argument to the effect that the provision of a chauffeur to drive an employee to work should be treated no differently than the assignment of any other staff member to assist an executive in the performance of his duties. (AM)

Supreme Tax Court judgments VI R 54/09 (chauffeur), 55/09 and 57/09 of September 22, 2010 published on December 22

Schlagwörter

chauffeur, company car, drivers, private use, taxable benefit