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Job-ticket benefit taxable on option exercise

The Supreme Tax Court has held that employees entitled to an annual job-ticket under an employer agreement with the local transport network receive a potentially taxable benefit when they receive their ticket.

The company agreed a job ticket programme for its employees with the local transport network. It paid a small fee for each person in return for which he or she could register with the network for an annual season ticket at a reduced price. Payment by both employer and employee was in monthly instalments. The company and the tax office agreed that the taxable benefit in kind to the employee was the fee paid by the company for his or her right to buy the ticket; the tax office, however, insisted that the benefit was annual, taxable in full in the first month the employees were able to draw a ticket under the programme. The company argued that the benefit was monthly, following the agreed payment schedule. The essential difference between the two positions was that a monthly benefit flow would have allowed an exemption for most employees under a rule ignoring benefits in kind of this nature if they did not total more than €44 in the month of receipt.

The Supreme Tax Court has taken a different position altogether. It agreed with the tax office that the benefit arose from the right to buy a cheap season ticket and was therefore annual. However, it did not accrue to the employee until that person exercised his right to buy the ticket by registering for the programme. If he did not do so, there was no taxable benefit as he had merely foregone a possible advantage. The valuation was to be based on the fee paid by the company – but only for those employees who actually acquired tickets – but this was to be reduced to the difference between the price paid by the employee and the price charged by the network under other bulk buying programmes if lower, as only that lower difference was the fair value of the benefit purchased. The case was then referred back to the lower court for the establishment of the facts necessary for these calculations.

Supreme Tax Court judgment VI R 56/11 of November 14, 2012 published on February 20, 2013

Schlagwörter

Jobticket