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By PwC Deutschland | 21. August 2013

Chauffeur is taxable benefit for employee

The Supreme Tax Court has held that the taxable benefit from the provision of a chauffeur-driven company car to enable an employee to get to work includes the value of the chauffeur’s services.

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An employee was allowed the use of a chauffeur-driven company car for business trips. However, he was also able to use this service for journeys between home and work. The Supreme Tax Court has now held the taxable benefit to be not only the cost of the car (calculated at the flat rate of 0.03% of the list price of the car when new per km distance between home and work per month) but also the value of the chauffeur's services. The employee argued that the chauffeur enabled him to use the time on the journey for office admin tasks and that the expense was therefore in the interests of the employer. The court did not accept this argument, saying that the journey to and from work was primarily a private matter for the employee. All support given to him to make a private journey easier was a taxable benefit in kind. This benefit was to be valued at the local retail price net of usual discounts. The court did not exclude that this value could be derived from the employment costs of the chauffeur for the time involved, given that circumstances did not suggest otherwise.

Supreme Tax Court judgment VI R 44/11 of May 15, 2013 published on August 21

Schlagwörter

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