Downloaded from Blogs on 27.04.2026 10:52h

By PwC Deutschland | 25. Juni 2014

No change from lump sum to mileage log company car benefit during year

The Supreme Tax Court has held that a taxpayer may not change the method of calculating his company car benefit from the lump sum to the mileage log basis during a calendar year.

Downloaded from Blogs on 27.04.2026 10:52h

Those entitled to use company cars privately calculate the monthly taxable benefit at a fixed rate of 1% of the list price of the car when new. However, the taxpayer has the alternative of taxing the actual cost of the private use of the car as determined on the basis of an accurate mileage log detailing the business journeys. The costs are to be established for the year for apportionment between business and private use as shown by the log. Those using more than one car during a given year may exercise the option separately for each car. However, the Supreme Tax Court has now held that a taxpayer may not change from the 1% method to a mileage log method in respect of the same car during the year. It reasoned that the benefit can only be calculated accurately, if all the costs incurred are taken into account. This includes the fixed costs and these are only complete if they are collated for at least a year. Accordingly, a mileage log applied to the actual costs incurred in May-October could not lead to an accurate split of the cost of the benefit. The court emphasised that the monthly basis of the 1% benefit was not to be taken as a variable monthly calculation. Rather, it reflected the monthly accrual of the annual benefit. There was thus no clash of concept between the two calculations.

Supreme Tax Court judgment VI R 35/12 of March 20, 2014 published on June 25

Schlagwörter

Steuern / Tax