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Principal tax authorities of the Federal States issue decree on the provision of electric bicycles to employees

On 9 January 2020 the principal tax authorities of the Federal States issued a decree on the monthly average value for income tax purposes of the benefit-in-kind received by employees for the provision of electric bicycles by their employer.

The Finance Act 2018 introduced an income tax exemption on the benefit-in-kind received by employees for the provision of electric bicycles for private use by their employers, where the benefit is provided in addition to any salary which the employer is already obliged to pay. The tax exemption applies for the 2019-2021 periods of assessment. The decree issued on 9 January 2020 amends an earlier decree issued on 14 March 2019 and contains instructions for determining the monthly average value of the benefit-in-kind for the period after 31 December 2018 and before 1 January 2031 in cases where the tax exemption is not applicable:

The monthly average value of private use (including private journeys, journeys between home and the primary place of work as well as journeys from home to a designated work location and journeys home as part of the double household regime) is set at 1% of the manufacturer's, importer's or wholesaler's recommended retail price, rounded down to the nearest EUR 100, including VAT, at the time the bicycle is put into service.

If the employer provides the employee with the company bicycle for the first time after 31 December 2018 and before 1 January 2031, the monthly average value of private use (including private journeys, journeys between home and the primary place of work as well as journeys from home to a designated work location and journeys home as part of the double household regime) shall be for the calendar year 2019 1% of one half, and from 1 January 2020, 1% of one quarter of the manufacturer's, importer's or wholesaler's recommended retail price, rounded down to the nearest EUR 100, including VAT, at the time the bicycle is put into service. In these cases, the date on which the employer purchased, manufactured or leased the bicycle is not relevant. Where the company bicycle had already been given by the employer to an employee for private use before 1 January 2019, the originally applicable provisions will apply where the user of the bicycle (employee) changes after 31 December 2018.

Special rules apply where the provision of bicycles for use by third parties (e.g. bicycle rental companies) is part of the employer's range of services.

In the context of the decree bicycles are electric bicycles if they are classified as bicycles under traffic law. This should generally be the case where, *inter alia*, the electric bicycle is not subject to compulsory registration and insurance and where its motor does not support speeds of more than 25 kilometres per hour. Where the electric bicycle is considered a motor vehicle, the general rules for the benefit-in-kind valuation of motor vehicles is applicable.

Schlagwörter

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