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By PwC Deutschland | 22 July 2014

Driver as benefit in kind

The finance ministry has decreed that an employee may value the benefit in kind of a driver for his company car at either the actual salary costs of the driver or at 50% of the benefit value of the car.

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Some companies allow senior employees the benefit of a chauffeur-driven company car to get to work or for their private use. The value of the taxable benefit in kind from the provision of a chauffeur is to be based, in principle, on the cost of a similar service available locally on the open market. However, the finance ministry has now simplified matters with a decree allowing an employee to value the benefit from the provision of a chauffeur employed by the company at the direct salary costs (wages, benefits, social security charges, subsistence allowances and training costs) in proportion to the time spent by the driver on that assignment. That time includes waiting time whilst at the disposal of the employee, but not time not assigned or time taken to bring the car to the employee pick-up point or to take it back afterwards. The decree also offers a simpler alternative – at 50% of the taxable value of the provision of the car itself, be it on the basis of a mileage log, be it on the 1% rule. This 50% applies in general both to journeys between home and work and to purely private usage. However, it falls to 40% on the private usage if the employee frequently drives himself and to 25% if he almost always does so.

The employer may choose one of the options when deducting the income tax from the employee's salary. It is then open to the employee to take the other option in his tax return, provided he is able to support his calculation with the necessary figures from the employer's records. No particular form is required for the presentation of this information.

Keywords

chauffeur, company car, drivers