

By PwC Deutschland | 21 January 2015

# Discounts for employees from third parties

**The finance ministry has issued a decree on the circumstances under which employee discounts received from third-party suppliers may be regarded as taxable benefits from their employment.**

Discounts granted to employees by outside suppliers are taxable as employment income if they were granted in connection with the employment. The finance ministry has issued a decree explaining its position on this matter in more detail.

Broadly, an employee discount will be a taxable benefit if the employer was actively involved in the transaction, or if the discount was based on factors to which the employer had contributed. However, the discount is not a benefit if it is available to the public on the same terms. A discount will also not be a benefit if the employer's involvement was purely passive. This is, for example, the case where the employer merely allowed the supplier to approach employees at their place of work or allowed him to advertise on the staff notice board. It is also the case where the discounts were negotiated on behalf of the employees by an independent body, such as the works council or a shop steward.

### **Keywords**

discounts, employees, outside suppliers