Mobility and Climate Change

LANGUAGES

PRACTICE AREAS

Belgium agreed in 2015 to reduce its greenhouse gases emissions with 15% by the year 2020.
Low hanging fruit, at least from a climate perspective, are the 625.000 company cars that clog up traffic on Belgium’s roads.
The benefit in kind of a company car being in most instances an acquired right, an employer cannot be unilaterally abolish it.
To entice workers to give up their vehicle and replace it by another benefit, the legislator has adopted two tax efficient instruments: 1. Mobility allowance and 2. Mobility budget.

- **Mobility allowance**

The mobility allowance also called the cash for car regulation replaces the benefit in kind with money. The annual amount is determined by the official price list and amounts to 20% of 6/7th of that official price of the company car. If the car can be filled up with a company fuel card, the 20% of $6/7^{th}$ of the listed price is increased to 24% of $6/7^{th}$ of the listed price.
The mobility allowance is from an employee perspective exonerated of the social security contributions. The employer pays the same percentage contribution for social security as he did on the benefit of the company car.
Taxwise the full mobility allowance will only be considered to be a taxable benefit for an amount of 4% of $6/7^{th}$ of the official listing price. This taxable benefit does not change when the employee was, before the exchange, also beneficiary of a fuel card.

- **Mobility budget**

The mobility budget allows the employee to exchange the benefit in kind of the company car for an annual budget to spend on alternative modes of transportation. There are 3 ways to spend the budget: 1. the purchase of a low CO^2 emission company car; 2. alternative and sustainable transport modes (for example: a bike, an electric motorcycle, public transport, a shared car,...); 3. if the mobility budget is not yet fully spent on options 1 and or 2, the employee can receive the remaining amount in money.

When the employee chooses the first alternative of the mobility budget, the fiscal treatment is the same as for a regular company car for the employee and the employer. If he chooses the second or third alternative, then the mobility budget is completely tax-free for the employee and fully deductible for the employer.

However the employee himself must pay 38,07%, as a special social security contribution, that is due on the residual money of his budget. Some consider this a prelude of the shift from tax to social security contributions to finance the consequences of an ageing population...

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