



BENEFIT IN KIND COMPANY CAR INCREASES

In order to determine the benefit in kind of the private use of a company car, several data must be used. The first relevant factor is the "reference CO² emission" that is established by the Ministry of Finance as an environmental threshold. This reference number will be used to weigh the environmental impact of your company car in relation to its actual CO² release. The concrete emission level of the car together with the reference emission level will shape the so-called CO² coefficient. The CO² coefficient is 5.5%, increased respectively reduced by 0.1% per CO² gram depending on whether the actual values are above or under the reference CO² emission values. The total CO² coefficient is a maximum of 18% and a minimum of 4.4%.

For income year 2021, the reference CO² emissions for petrol cars (and gas) was 102 g/km and for diesel cars 84 g/km. **As of income year 2022, the reference CO² emission will be 91 gr/km and 75 gr/km respectively.** This represents a sharp drop of the reference CO² emission, aimed at increasing the costs of CO² emissions and by doing so creates a further impetus for both employers and workers to use more environment friendly cars.

In addition to the reference CO² emission, a so-called age coefficient also plays a role in determining the benefit in kind to be retained for income tax purposes. This age coefficient is expressed as a percentage that decreases by 6% per elapsed period of 12 months from the date of first registration of the company car. As of month 61, this coefficient remains at 70%.

months	%
0 tot 12	100%
13 tot 24	94%
25 tot 36	88%
37 tot 48	82%
49 tot 60	76%
> 61	70%

Unless your company car is 5 years old or older and valued at 70%, a decreasing age coefficient slows down the increase of the benefit in kind (as a result of a decreasing reference CO² emission).

Still, the benefit in kind will increase again in 2022.

We give you the following example :

Imagine a company car with a catalog value of EUR 56,000. The first registration of the vehicle dates from January 1, 2020. Fuel is diesel and the vehicle has CO² emission of 118 gr/km.

	2020	2021	2022
Benefit in kind including the age coefficient	3.936,00	4.015,88	4.139,52
Difference / year (compared to the previous year)		79,68	123,84
Difference converted per month		6,64	10,32
Benefit in kind without age coefficient	3.936,00	4.272,00	4.704,00



Suppose the same vehicle with CO² emission of 145 gr/km:

	2020	2021	2022
Benefit in kind including the age coefficient	5.232,00	5.233,92	5.280,00
Difference / year (compared to the previous year)		1,92	46,08
Difference converted per month		0,16	3,84
Benefit in kind without age coefficient	5.232,00	5.568,00	6.000,00

Now imagine a petrol vehicle with a CO² of 135 gr/km:

	2020	2021	2022
Benefit in kind including the age coefficient	3.792,00	3.970,565	4.181,76
Difference / year (compared to the previous year)		178,56	211,20
Difference converted per month		14,88	17,60
Benefit in kind without age coefficient	3.792,00	4.224,00	4.752,00

Taking into account a tax rate of 50%, **the financial impact for taxpayers on an annual basis is limited**, i.e. EUR 61.92, EUR 23.04 and EUR 105.60 respectively, as the impact is cushioned by the age reduction percentage.

This age mitigation obviously disappears when the employee is granted the private use of a brand new company car with the same CO² emission levels. The strategy is clear: existing company cars are in broad terms left of the hook. New company cars not: they become (much) more expensive

Please bear in mind that this decrease in the reference CO² emission has no impact on the benefit in kind for electric and plug-in hybrid company cars. After all, an annual minimum benefit in kind applies to electric company cars (i.e. in the absence of CO² emission) which is equal to EUR 1400 in 2022. Also, in principle, the minimum CO² coefficient (i.e. 4,4%) is reached for hybrid cars, not being fake hybrid cars, hence no adverse impact neither.

Finally, be advised that the reference CO² emission to use in the calculation of the benefit in kind can no longer increase. In other words, the reference CO² emission to be used cannot be higher than the reference CO² emission of the previous taxable period (law of 8 December 2020 amending the ITC 1992 to limit the reference CO² emissions, BS, 23 April 2021).

MVVP February, 18 2022

For more information, contact Gunther Valkenburg
gunther.valkenborg@mvvp.be –T. +32 2 285 01 00 – www.mvvp.be