

#CorporateCarTaxation

How benefit-in-kind taxation for company cars can be modernised



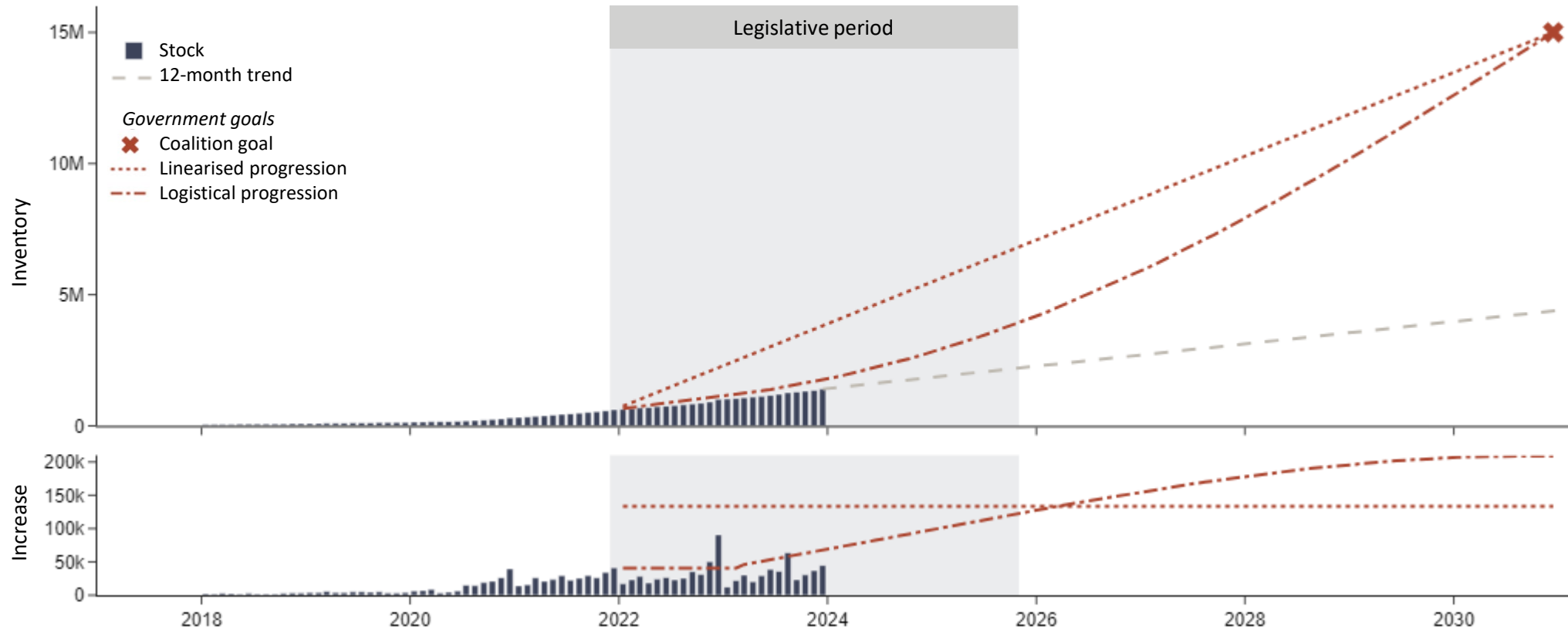
Berlin, 20 February 2024
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Benefit-in-kind taxation for company cars in Germany

Description:	<ul style="list-style-type: none">▪ If a company car is also used privately, it must be taxed as income in addition to the salary (flat-rate or logbook)▪ However, the taxation can be too low compared to real benefits and creates climate-damaging incentives
Economic effects:	<ul style="list-style-type: none">▪ Subsidy volume: 3.5 to 5.5 bn. Euro per year▪ Sales promotion for new and expensive cars
Ecological effects:	<ul style="list-style-type: none">▪ Potential CO₂ savings through reform: 1.9 to 5.8 mio. t CO₂ per year▪ Relevance for achieving the 15 mio. BEV target
Social effects:	<ul style="list-style-type: none">▪ Privilege of the highest-income 1 to 10 %▪ Hardly found in the lower half of income brackets

BEVs and climate policy

15 million BEVs by 2030 in Germany



Source: Open Energy Tracker (German Institute for Economic Research - DIW)

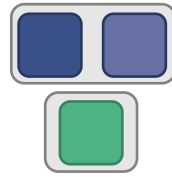
Company (or rather corporate) cars in markets for new and old cars

Electrification needs a boost by corporates

Annual new registrations
(~3 mio. passenger cars)



Stock
2025

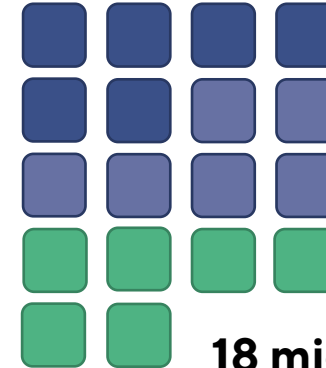


2026



...

2030



18 mio. new passenger cars
by 2030, of which approx. ...

- 6 mio. private
- 12 mio. corporate, of which ...
- ... up to 6 mio. company

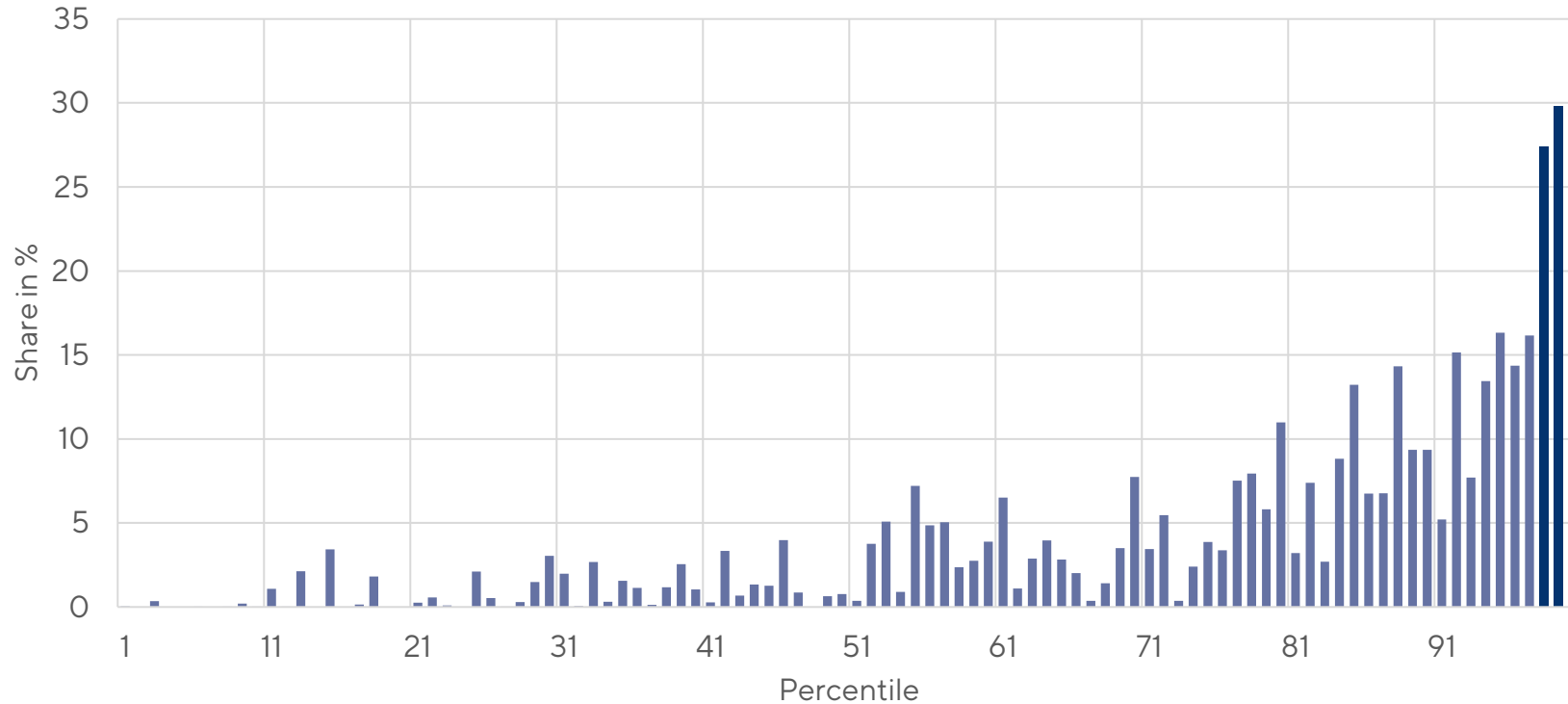
BEV-shares in new registrations (2023)

- corporate 16 %
- private 24 %
- total 18 %

Source: own illustration based on Federal Motor Transport Authority (KBA)

Company cars in Germany

Distribution by net household income 2019

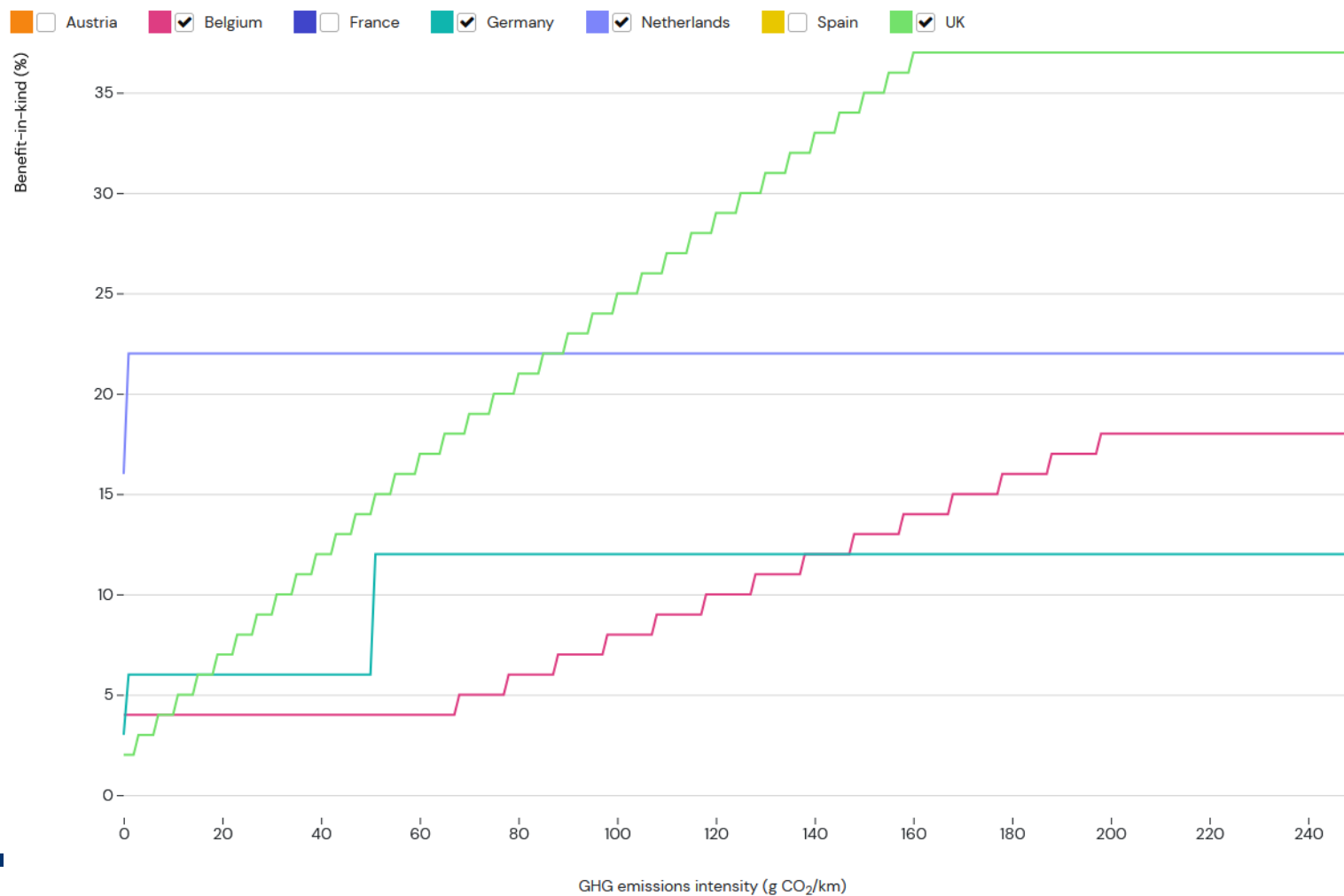


Among company car users:

- 78 % male
- 22 % female

Source: [FÖS \(2023\)](#) - own calculations based on SOEP Core v37

Different approaches to benefit-in-kind taxation in Europe



Source: T&E Good Tax Guide 2024

Additional relevant taxed vehicle attributes

- **Benefit-in-kind**
 - **Age** (e.g. Austria, Belgium, Norway)
 - **Distance** (to our knowledge nowhere obliged)
 - List price (e.g. Germany, Netherlands, UK) vs. **purchase price** (e.g. Austria, Czech Republic, Spain)
- **On the corporate side**
 - **CO₂-dependent deductibility of depreciation** (e.g. Belgium, France, UK)
- **Important feature: Phasing out of BEV-subsidies**



Thank you!



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