

# Newsflash Tax and Legal Services

Defining the wage structure of your employees?\*



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## Fringe Benefits

### Introduction

An employer may provide certain allowances in its labor relation with his employees. In this newsflash we will provide you with information on the wage tax implications with regard to Fringe Benefits provided to employees.

### Company car and car allowances

#### Company car

In case an employee, as a part of his remuneration, is provided with a company car, the taxable benefit of this wage in kind is currently determined at 15% of the catalogue value of the car.

If the employee has a second car at his disposal, according to the fringe benefits regulation all costs related to this car should be added to the taxable wages of the employee as wages in kind.

#### Car allowance

If an employee uses his personal car for business purposes, the employer may reimburse these costs tax-free for an amount of Afl. 0,60 per driven business kilometer. The employee should, however, have a mileage administration (as modeled by the Tax Department) from which the driven business kilometers can be determined. Furthermore, the amount reimbursed should be

included in the collective wage tax statement of the employer.

If the employee uses his personal car for more than 25% for business purposes, the employer may opt to provide the employee with a fixed car allowance. In that case the employee does not have to administer the driven business kilometers. The amount that can be reimbursed tax-free will depend on the position of the employee within the company. Please find below a table containing the monthly car allowances that can be provided tax-free to employees.

### Costs of representation

If an employee incurs representation costs related to his employment, these costs can be reimbursed tax-free on declaration. Invoices in this respect need to be supplied to the employer and included in the administration of the employer.

For practical purposes, the tax authorities have included standard fixed tax-free amounts that can be applied to employees who incur representation costs. The amount that can be reimbursed tax-free will depend on the position of the employee within the company. Please find below a table specifying the amount to be provided tax-free to employees.

Position	Monthly car allowance	Monthly representation allowance
Managing director (top management)	Afl. 250	Afl. 250
Manager (middle management)	Afl. 200	Afl. 100
Representative / sales person	Afl. 400	Afl. 100
Accountant / consultant	Afl. 300	Afl. 100
<b>Other positions</b>	Afl. 200	Afl. 0

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## Fringe Benefits

### Other allowances

#### Free meals

The wage in kind amounts to Afl. 5 for a warm meal and Afl. 2.50 for breakfast and lunch in the event that the employer provides his employees with free meals.

#### Free housing

An employer can provide an employee with free housing. In the event the employer provides an employee with free housing, the wage in kind is set at 8% of the fair market value of the house, with a maximum of 15% of the annual gross income of the employee. In the event the house is furnished, the percentage of the wage in kind is set at 10% or 20% of fair market value of the house.

#### Company products and services

In the event the employer provides his employees with company products, the integral cost of the product is considered to be wage in kind. In the event the employer gives a discount to his employees on the company products, the discount is not considered a wage in kind if the amount paid by the employees equals the integral cost of the product. The employees may however

not consume more than is normal in their circumstances.

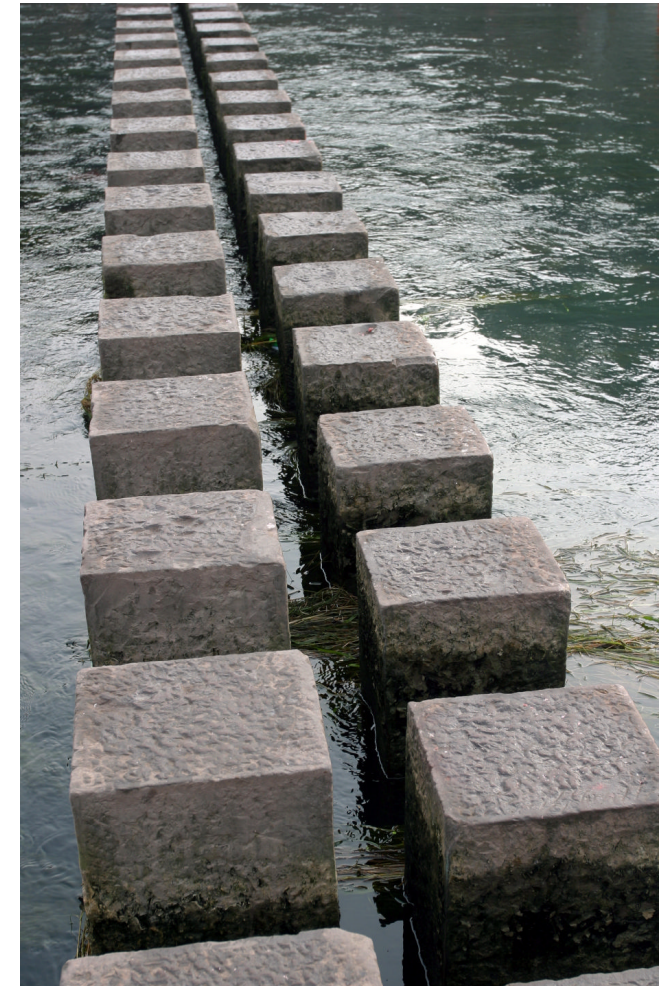
#### Anniversary allowances and gifts

In the event of an employment anniversary, a half of the gross monthly wage can be provided tax-free in case of an employment anniversary of 10 or 12½ years and one gross monthly wage in case of an employment anniversary of 25, 35 or 40 years.

The employer is allowed to provide the employee with a tax free gift with a value of a maximum of Afl. 200 once a year.

#### Telephone allowance

In the event the employer provides his employee with a telephone allowance, an amount of Afl. 480 will be considered as taxable wage. If the real costs do not exceed Afl. 480 per year, this lower amount will be considered as a taxable wage. Up to Afl. 1.200 can be provided tax-free by the employer. If the allowance exceeds the amount of Afl. 1.200 the excess is taxable.



# Contacts

Please note that the aforementioned has a general character and can only be used as guideline. If you need further assistance or if you have specific questions, please do not hesitate to contact:

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